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LABOUR AND INDUSTRY IN AUSTRALIA

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LABOUR AND INDUSTRY IN AUSTRALIA

FROM THE FIRST SETTLEMENT IN
1788 TO THE ESTABLISHMENT OF
THE COMMONWEALTH IN 1901

BY

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MEMBRE DE L'INSTITUT INTERNATIONAL DE STATISTIQUE

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PREFACE

THE things most nearly affecting the Labour movement in Australia—immigration, land legislation, prices, and political action—are dealt with herein almost to the exclusion of other matters to which historians usually devote their chief attention, and therefore while this book is a history of Labour it is not a history of Australia. It is based on official records, contemporary newspapers or other publications, and on information obtained direct from many persons who played a prominent part in Australian affairs from 1880 onwards. For the statistics I am my own authority, as also for the account of the banking crisis of 1893 and for some phases of the Labour movement.

In compiling this work I have had help from many quarters. I am especially grateful for the co-operation of Mrs. J. St. H. Lander, whose wide knowledge and great industry I cannot praise too highly. I stand indebted to the late Captain

J. Nowell Sievers for notes and suggestions on the later history of the Labour movement, and to Mr. J. Le Gay Brereton for researches in regard to the developments of the second period.

T. A. C.

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PART I

FROM THE FOUNDATION OF SETTLEMENT
TO THE CROSSING OF THE MOUNTAINS

I

INTRODUCTION TO THE FIRST PERIOD

THE American colonies were long used as a receptacle for political prisoners and offenders against the laws of England. Even after the revolt of the thirteen States, convicts were transported to America, and transportation warrants still exist among the records of the Home Office, dated 1783 and 1784, and addressed to the Superintendent of the hulks in the River Thames, requiring him to deliver certain convicts under his charge to the Contractor, for the purpose of conveyance to North America. When, however, the independence of the Union was, by the provisions of the Peace of Versailles, recognized by England, the overcrowded condition of the gaols compelled the authorities to deport elsewhere the criminals, who were fast becoming a danger and an embarrassment. The coasts of Africa were first tried and many convicts sent thither. The unhealthiness of the climate was, however, so great and the mortality so appalling, that transportation to Africa was given up in the year 1785, and a new depot was looked for. Hence the first proposals of a definite character for the colonization of Australia arose from the necessity of finding a suitable place for the reception of British criminals. Concurrently with these proposals other ideas were at work. Sir Joseph Banks and others holding influential positions advocated the establishment of a colony in New South Wales, the beautiful and, it was thought, fertile territory discovered in 1770 by Captain Cook, and some point was given to these representations by the

urgent demand made on the King to provide new homes for those American loyalists who preferred quitting the land of their birth to living under the rule of the successful republicans. How much or how little the English Ministry were moved by sentimental considerations in founding a colony in Australia, it is fruitless now to inquire ; the fact remains that the scheme of settlement actually carried out was purely penal and military. Far from desiring free settlers, the authorities were much opposed to their entering the colony, and when the First Fleet set out it carried no one who was unconnected with the establishment of a penal settlement. In truth, the authorities saw clearly that the idea of a penal settlement and a free colony at the same place and under the same government was an impossible one. Nevertheless, inconsistent as it may seem, they did not consider they were founding a mere gaol but an industrial colony, from which would arise in due season a new home for the British people. This view is amply demonstrated by the testimony of several contemporary writers, but how the free colony was to be evolved out of the penal settlement does not appear to have been clearly foreseen ; indeed, it is probable it was more a pious hope than a real expectation.

Botany Bay had been selected by the English Government as a suitable place at which to establish a colony, and when Governor Phillip set sail from England in May 1787 it was thither he directed his course. The Fleet arrived at the beginning of January 1788, and a cursory examination convinced Phillip that a more unsuitable site for a settlement could hardly have been chosen. Despite the profusion of new plants which had so delighted the botanists of Captain Cook's expedition, the neighbourhood of Botany Bay was by no means fertile, while the bay itself was so shallow as to forbid the near approach of ships to the shore. The Governor determined to explore the coast in the hope of finding a more suitable site for the settlement, and after proceeding about nine miles to the northward he found himself abreast of the entrance to

Port Jackson, which Cook had seen from a distance and had marked on his chart as a harbour for boats. Entering the inlet, Phillip found to his great surprise that he had discovered a port in every way suited to his purpose, and indeed, as he speedily realized, one of the most beautiful as well as most convenient harbours in the world.

The Fleet now sailed round to Port Jackson, and on 26th January 1788 the vessels anchored in Sydney Cove, the colonists were disembarked, and Captain Phillip formally proclaimed the new colony. As only a limited supply of provisions was available from the stores, it was necessary for the settlers immediately to devote their attention to agriculture. Land was therefore cleared at the head of Farm Cove, and wheat was sown, but owing to the unsuitability of the soil the crop was a failure. This was a contingency against which provision had not been made, and affairs were becoming very serious when the arrival of a ship with a fresh batch of convicts, but without stores, brought them to a head. In this emergency Captain Phillip despatched the *Sirius* to Cape Colony, and the *Supply* to Batavia to procure provisions, but only a very moderate quantity could be obtained, so that within a few weeks the community was on the verge of starvation. In these circumstances it was necessary for every one to be placed on short allowance, and the cattle and sheep which had been introduced for breeding purposes to be slaughtered for food. To relieve the pressure on the stores at Sydney a detachment of 200 convicts, with a guard of 70 marines, was despatched to Norfolk Island, where Lieutenant King had been sent to establish a branch colony, and had been successful in raising an abundant crop. To add to the colony's misfortunes, the *Sirius*, in which the detachment sailed, was wrecked on a reef near the island, and the expectation of relief from this source was for the time frustrated.

When the prospects of the settlement at Sydney Cove had reached their gloomiest three store-ships arrived, and snatched the colony from the very brink of destruction by famine. Fresh difficulties, however, beset the settlers

through the arrival of some shiploads of prisoners, most of whom were in a sick and dying condition. In the midst of these horrors the Governor's responsibilities were further increased by the attempts of some of the prisoners to escape from the colony. Some took to the bush ; others stole boats and put to sea, intending to reach the Dutch settlements in the Indian Ocean. Daring as these latter attempts may appear, one at least was successful : two men and a woman in an open boat succeeded in reaching Timor, where they were imprisoned and sent back to Sydney on the first opportunity. Numerous efforts were made to escape from the settlement by land, the ignorance of the convicts being such that many imagined they could walk overland to China, and not a few perished in the bush while making the attempt.

Governor Phillip's health gave way under the cares and anxieties of his office, and in 1792 he returned to England. After the departure of Phillip, Major Grose and Captain Paterson, officers in charge of the military, administered the government until the arrival of his successor. In 1795 Captain Hunter, who, after the loss of the *Sirius*, had gone to England, arrived as the second Governor. With the arrival of Hunter affairs took a new turn. He brought out a number of free settlers, mostly farming men ; and some fine alluvial land having been discovered on the banks of the Hawkesbury, farming was successfully begun, and in a short time more than 6000 acres were under crops of wheat and maize. In 1796 a herd of sixty head of cattle was discovered at the "Cowpastures," near Camden ; these were descendants of some cattle that had strayed from the settlement several years before. Though their quality was found to have deteriorated they proved a very welcome addition to the live stock of the settlement. During Hunter's term of office Bass and Flinders minutely examined the coast south of Sydney in a small boat only nine feet over all, and, in a second expedition, Bass discovered the strait which bears his name, thus proving Tasmania to be an island and not a southerly

prolongation of the continent, as had previously been supposed. Various attempts were also made to penetrate into the interior, but all were fruitless, and the colony remained confined to the narrow strip between the Blue Mountains and the sea.

The first detachments of the New South Wales Corps which constituted the military garrison of the colony had arrived in 1790, but the full complement was made up during Hunter's governorship. The corps had been specially raised for service in the colony, the officers of the King's regular regiments not unnaturally objecting to be sent to such a far-distant settlement, where they would find no intellectual occupation, and where their sole work would consist in acting as a prison guard, or at most in making a few raids in reprisals for the misdeeds of the ill-used and sorely provoked aborigines. As a military guard of some sort was necessary this corps was raised, and a few enterprising spirits, many of whom had never served before, were found willing to accept commissions, with the view not so much of military service as of obtaining grants of land and making their fortunes in the colony.

In 1800, when Captain Hunter left the colony, the population was over 6000, exclusive of the military. He was succeeded by Philip Gidley King, previously mentioned as having been despatched by Phillip to establish a settlement on Norfolk Island.* Not long after his arrival a serious mutiny broke out among the prisoners. The more tractable of these were "assigned" as servants to settlers, and engaged in working the farms and squattages; but the others, many of whom were made desperate by the treatment they received, were worked on the roads, in chain-gangs. A party of over 300 of these chain-gang men was employed at Castlehill, on the road between Parramatta and Windsor. These men, taking advantage of the small number of their guard, abandoned their work, managed to remove their irons, seized some fire-arms, and marched towards the Hawkesbury, expecting to be reinforced by the men employed in the neighbourhood. But Major

Johnston, second in command of the New South Wales Corps, pursued with only twenty men, and on coming up with them charged with such impetuosity that the mutineers were fain to lay down their arms and beg for mercy. Three or four of the ringleaders were afterwards hanged, but the rest were permitted to return to their duty on undertaking to be of good conduct for the future.

An event of the utmost importance to the colony took place under the administration of Governor King: this was the initiation of wool-growing, due mainly to the efforts of John Macarthur, who had held a commission as Captain in the New South Wales Corps. The early history of the enterprise is set out elsewhere; it may here suffice to say that in a short time sheep-farming showed every sign of a successful issue, to the great benefit of the colony generally, and to the advantage of those who had entered on it.

The great attention paid by the French to the new-found lands of the southern seas, caused great disturbance in the minds of the authorities both in Sydney and in London, and it was determined that Van Diemen's Land should be found occupied, should the French attempt to establish a colony on the shores of the inlets they had been surveying so diligently. Accordingly, in the year 1803, "in order to establish His Majesty's right to the island," Lieutenant Bowen was sent to form a settlement on the Derwent; with him was a small party of soldiers and ex-convicts. The spot selected for a settlement was on the left bank of the Derwent, about eight miles above the present site of Hobart. Some time previously Governor King, of Sydney, had despatched Colonel David Collins to establish a post at Port Phillip, mainly for the purpose of protecting the seal fisheries and forestalling the French. Collins landed on the shores of Port Phillip at a place in every respect unsuitable for settlement, and presuming that nothing better could be found he determined to remove his party to Van Diemen's Land, either to Port Dalrymple on the opposite shore of the strait or to the Derwent. There were many reasons in favour of the northern port being made the

principal place of settlement in the new colony ; one having great weight was the protection it would afford to the British sealers in Bass Straits, who feared the interference of American whalers and sealers, whose enterprise had carried them so far south. Collins caused Port Dalrymple to be examined, but, in spite of the favourable report of his subordinates, decided, with the concurrence of his superior at Sydney, to remove to the southern part of the island. Accordingly, he removed his people to the Derwent, and with admirable judgment selected Sullivan's Cove as the site of his settlement. This was on the opposite shore to Risdon and on the spot where Hobart now stands. The two settlements of Collins and Bowen continued for some time independent of one another, until orders were received from Sydney for their amalgamation. Governor King, if left to himself, would have been content with the establishment at Hobart as sufficient protection against the French ; but the English Government, greatly alarmed at the despatches it had received from Australia, urging the occupation of various points in the straits and on Van Diemen's Land, to prevent the intrusion of the French with whom they were at war, ordered the occupation of Port Dalrymple as well, and the transference of part of the establishment then at Norfolk Island, with a proportion of the settlers and convicts to that place. Governor King despatched Colonel Paterson to Port Dalrymple as Lieutenant-Governor, and with him a small establishment of convicts and soldiers from Sydney, to which were subsequently added various detachments of convicts and some free settlers. There were therefore, in 1804, two settlements in Van Diemen's Land at opposite ends of the island, and a question of jurisdiction immediately arose between the two Lieutenant-Governors. Colonel Collins claimed that his appointment as Lieutenant-Governor extended to the whole of Van Diemen's Land, and that therefore the northern settlement was within his jurisdiction. This claim Paterson wholly repudiated, and in this he was upheld by Governor King, who issued a General Order

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dividing the island into two independent governments, each government to be subordinate only to himself as Governor-in-Chief of New South Wales and its dependencies. The two settlements were for a long time without regular means of communication by land, and it was considered a remarkable feat when Lieutenant Laycock made, in eight days, the overland journey between Hobart and Launceston, a distance of 133 miles. Several years before Van Diemen's Land was taken possession of, the British Government had ordered the evacuation of Norfolk Island, but it was not until 1803 that the Order was actually received on the Island, and even then the greatest reluctance was displayed in carrying it out. The inhabitants of Norfolk Island, who numbered about one thousand, were very averse from leaving their homes, and five years were occupied in completely removing them. Most of the settlers were emancipated convicts and owned small freeholds, in exchange for which lands were to be allotted them in Van Diemen's Land or in New South Wales, as they preferred, and they were removed at the public expense. On the whole, they were dealt with most liberally; nearly all of them elected to go to Van Diemen's Land, and the new settlers called their location New Norfolk and Norfolk Plains, in memory of their much-loved island home.

It has been stated that the principal object of the officers of the New South Wales Corps in enlisting for service in Australia was the expectation of improving their fortunes. Unfortunately the readiest means to this end were found in the import trade, and as rum was in great request, the officers of the corps became importers of spirits in large quantities, and even set up private stills in defiance of the orders of the Governor. King made every effort to put down the traffic, and during the greater part of his residence in Australia was in constant collision with the officers. In the struggle he stood practically alone, and at length, worn out with the daily harassments of his position, he seized the first opportunity of leaving

the colony, and was succeeded in 1806 by William Bligh, a post-captain in the Navy.

Governor Bligh was a distinguished naval officer. His wonderful voyage after the mutiny of the *Bounty* had caused the Imperial Government to entertain a high opinion of his conduct as well as of his courage and determination. His services were numerous, and he had been publicly thanked by Nelson, after the bombardment of Copenhagen, for the gallantry and skill which he displayed on that occasion. Hence he was selected as a fit man to crush the clique of officers engaged in the rum traffic, and to purify official life in the colony. King had been only partially successful in this direction, and the British Government gave the strictest injunctions to Captain Bligh to stop the trade in spirits. The new Governor expected that all respectable people would have joined him heart and soul in his efforts to put a stop to a traffic so injurious to the well-being of the settlement. Such, however, did not prove to be the case, and in the struggle, which continued throughout the whole period of Bligh's rule, the Governor encountered the fiercest opposition not only from the New South Wales Corps but from many other leading inhabitants. Other matters embittered the relations between the Governor and the colonists, and in these Bligh was not so obviously in the right as in his attempt to put down the contraband traffic in spirits. The contest reached its climax in a dispute with Macarthur, whose efforts to promote the growth of wool have been alluded to. That gentleman had become specially obnoxious to the Governor, and as he was also the chief trader in the community, he was selected as a scapegoat for the sins of the rest. Macarthur had been part owner of a vessel that traded to Tahiti for salt pork and other articles for the supply of the colony. While this vessel was lying in Port Jackson he received a summons from Atkins, the Judge-Advocate—that is, Chief Justice—to appear before him to answer to a complaint, on the part of the crew of his vessel, of withholding from them their

wages, in consequence of which they alleged that they had been compelled to break through the port regulations, by coming ashore without a special order. Macarthur returned an answer in writing, explanatory of his conduct in the matter, but did not obey the summons by appearing in person. This was construed to be an act of contumacy, which some attributed to a feeling of personal resentment towards the Governor, engendered by the action of the latter against the "rum currency." A warrant was issued for Macarthur's apprehension, and on 25th January 1808 he was brought before the Judge-Advocate and a military jury of six, consisting of officers of the New South Wales Corps, such being at the time the composition of the Supreme Court of the colony. Macarthur objected to the Judge-Advocate sitting on his trial, on the ground that the latter bore him personal ill-feeling, for which assertion it would appear that there was some foundation, especially as Atkins' adviser throughout the whole proceedings was one George Crossley, a transported attorney, who is believed to have been an enemy of Macarthur. Although the defendant's objection was sustained by the six military officers, the Judge-Advocate refused to abdicate his position, and the Governor declined to supersede him, for which indeed he had no authority, Atkins having been appointed by the British Government. At this juncture the Governor summoned the six officers to his presence, to explain their conduct in supporting Macarthur's protest and refusing to sit with the Judge-Advocate, but they declined to obey. During the next day several messages were sent to Major Johnston, the commandant, at his residence at Annandale, asking him to confer with the Governor as to the conduct of his subordinates. That officer, however, declined to come to town, on the plea of ill-health. This was an evident subterfuge, for between 6 and 7 P.M. on the same day (the anniversary of the foundation of the colony) he suddenly made his appearance in the Barrack Square, where, if we may believe his statements, he found everything in a state of ferment and

confusion, and himself beset with the clamours of a number of the leading inhabitants, civil as well as military, calling upon him to put the Governor under arrest. He accordingly marched at the head of his regiment, with drums beating and colours flying, to Government House, and Bligh was put in close confinement in his own residence. Johnston thereupon took over the government, his first act being to suspend the Judge-Advocate, the Commissary, the Provost-Marshall, the Chaplain, and other principal officials, and to appoint others to act in their place.

Major Johnston continued to administer the government until his lieutenant-colonel (Foveaux) superseded him as the senior officer in the colony, and eventually Colonel Paterson came from Tasmania and assumed the direction of affairs. Both these officers approved Johnston's proceedings, but Paterson set Bligh at liberty, after a detention of twelve months, on condition of his proceeding straight to England in a vessel which was then ready to sail. Bligh promised to do so, but on his way called at Tasmania, where the military authorities attempted to detain him; he was, however, successful in escaping their hands. News of the events had meanwhile reached England, and the Government, being very much concerned at the proceedings of the military, despatched Lieutenant-General Macquarie to the colony as Governor. His instructions were to reinstate Governor Bligh for twenty-four hours and to send Johnston home under close arrest. Bligh could not be reinstated as he had left Sydney; so Macquarie's first act was to arrest Major Johnston, who was subsequently tried by court-martial in England and sentenced to be cashiered. The leniency of the sentence was such as to call forth special remark by the Prince Regent, in a Minute appended to the Proceedings, distinctly stating that it was not to be drawn into a precedent. Johnston afterwards returned to the colony, and died at his estate at Annandale.

With the arrival of Governor Macquarie the colony entered on a stage of decided progress. The final abolition

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of the traffic in rum was followed by a marked improvement in the morals of the population. Schools were established, and the children, who had hitherto grown up in ignorance, were taught to read and write, and instructed in useful handicrafts. An impetus was given to exploration, and the dwellings of the settlers in the bush were much improved, by the efforts of the Governor during the annual tours which he made through the colony. Churches and public buildings were erected, asylums founded, and a better tone was given to society generally by the exertions of this philanthropic Governor, ably seconded by his high-minded wife, who did much to improve the condition of women and children in the colony.

The great event of Macquarie's administration was the passage of the Blue Mountains, which was successfully made by Blaxland, Lawson, and Wentworth in 1813. Macquarie being a military officer and a disciplinarian, his first step to utilize the discovery of Blaxland and his companions was to send his surveyor to report on the character of the new country; the reports being satisfactory, the Governor ordered the construction of a road over the mountains from the banks of the Nepean River, about thirty-four miles from Sydney, to the newly discovered Macquarie River. This road was completed in January 1815, when the Governor passed over it in state, inspected the new territory, and established a settlement at Bathurst on the banks of the Macquarie. The exploration of the interior now began in earnest. In ten years the greater part of the present territory of New South Wales was traversed and expeditions overland had reached Western Port, an indentation on the south coast a little to the east of Port Phillip, while by sea a considerable portion of the coast both to the north and south of Sydney was explored. This work was not indeed accomplished while Macquarie was Governor; but before he retired he had the satisfaction of knowing that the colony was no longer pent up along the narrow margins of the sea, but had before it unlimited possibilities of expansion.

A very important part of Macquarie's policy was the favour with which he treated the "emancipists," that is, those convicts who had become free by serving out their sentences. When it is remembered that very many of those transported had been guilty of petty offences only, or of acts which in the present day would scarcely be deemed offences at all, the motive of the Governor's determination to give every encouragement, in the way of official recognition, to emancipists can well be understood. To transport a person for a petty offence, to ostracize him for the rest of his life, and to extend the social ignominy to his children, was in the highest degree unjust; and Governor Macquarie, as a humane man, set his face against the custom. In religious matters also he showed a largeness of mind in advance of public opinion, by removing, as far as lay in his power, the religious disability under which a large section of the colonists laboured.

During the earlier years Van Diemen's Land was dependent upon the main settlement for supplies, and in 1810, when a failure of crops occurred in New South Wales, matters in the island colony reached a painful crisis. The provisions stored against an emergency were all but consumed, and Collins conceived the dangerous expedient of giving temporary liberty to the convicts, so that they might obtain from the wilds the food he was unable to give them. It was only by the timely arrival of a cargo of wheat from India that the little colony was saved from total collapse. The enfranchisement of the convicts was attended with woeful results, the aborigines being the chief sufferers. The convicts during their kangaroo hunts treated the blacks with abominable cruelty, which these unfortunates endeavoured to revenge upon the white settlers. When the famine conditions had passed, the authorities directed the released convicts to return to their employments. The majority sooner or later obeyed, but a large number refused and took to the bush, continuing the warfare on the aborigines and plundering and massacring the

unfortunate white settlers whenever occasion offered. As soon as Macquarie had placed the affairs of New South Wales on a proper footing he visited Tasmania. Lieutenant-Governor Collins had died in 1810, and the government was administered by the senior military officer pending the appointment of another Governor. Macquarie at once saw there was no justification for the continuance of the two governments, one at Hobart and the other at Port Dalrymple, and he therefore placed the government of the whole island under one head. In 1813 Colonel Davey arrived and took up the post of Lieutenant-Governor under Macquarie as Governor-in-Chief. He was a man of dissipated character, and applied himself to the task of government with such weakness as might have been expected. The community adopted its tone from the Governor: Government officials, high and low, lived in open lawlessness with the female convicts; wives were bought, sold, and exchanged as if they were chattel property. Sheep and rum were the only currency, and Van Diemen's Land as a colony made very little progress, although there was a certain show of prosperity about Hobart itself, which gained no little importance from its nearness to the whale fisheries. But as regards the country districts, the condition of affairs was deplorable. Nor was Davey entirely responsible. When he arrived, the outrages of the liberated convicts upon the rest of the community were at their height; bands of desperate ruffians roamed at will over the island, carrying on a war of brigandage against the property and persons of the terrorized farmers and stock-owners. They slaughtered sheep and cattle, they looted granaries and robbed houses, and then they took to the well-nigh impenetrable jungle of the bush or the wildness of the mountains, inflicting nameless atrocities upon the unarmed aborigines, into whose refuges they penetrated. Without warning they would again issue from their fastnesses in organized bands, plundering and ravishing right up to the streets of Hobart. The Governor issued various proclamations against brigandage, and

dealt severely with such of the outlaws as came into his hands, but little heed was paid to these proclamations. The brutality of the outlaws became at last so aggressive that Davey, in desperation, put the whole colony under martial law, a proceeding quite beyond his powers as Lieutenant-Governor, and disallowed by Macquarie as Governor-in-Chief. Davey refused to continue in his position when his judgment in so important a matter was overruled, and sent in his resignation. After Davey came Colonel Sorell as Lieutenant-Governor, a man of entirely different type. His first care was to suppress bushranging, and he succeeded so far as to relieve the settlers of the constant dread of pillage and ill-usage under which they laboured during the last years of Davey's administration. But almost every convict in Van Diemen's Land was a possible outlaw, the bushranging trouble was never wholly conquered by Sorell, and, as will be seen, revived later on in all its violence.

For sheep-farming Sorell did a great deal, and, acting on the advice of settlers acquainted with the Mother Colony, he procured 300 lambs from the flock of merinos which John Macarthur had bred at Camden. Sorell encouraged immigration by making to eligible settlers grants of land and loans of seed and stock. He also encouraged religion and education, so greatly neglected by his predecessor; under his rule a newspaper was published, and the beginning of a public works policy may be found in the attention paid by him to opening up roads to the various places of settlement. Regular fortnightly communication was established between Hobart and Launceston, the time of journey taken by the mail being seven days, that is at the rate of 19 miles a day. In 1821 the island colony depastured 170,000 sheep and 35,000 cattle, and 15,000 acres were under tillage. With a population of only 6000 persons Van Diemen's Land was able to export both wheat and wool, and the future looked extremely bright.

In New South Wales the number of sheep depastured

in 1821 had increased to 290,000 as compared with 26,000 in 1810, the cattle to 103,000 as against 26,000 ; in the same year the cultivated area was 32,300 acres, of which 18,200 acres were under wheat, 9300 acres under maize, and 3200 under potatoes. The population of the Mother Colony was 33,000, but this included the military, and of the total 12,149 were convicts in servitude. The events of Bligh's administration and the general development of the colony showed the need for the establishment of a Supreme Court, and in May 1815 the first Judge, Bent, arrived ; he speedily came into collision with the Governor over the question of the position of emancipists, and was recalled. He was succeeded by Barron Field, who came in 1817, but Field's career was hardly more satisfactory than that of his predecessor, as he took a view diametrically opposed to the Governor's as to the treatment of emancipists. Towards the close of Macquarie's administration, representations were made to the English Government regarding the Governor's conduct in raising certain emancipists to the magistracy, and the favour in which he held the class. A Commissioner was sent out to investigate matters, with regard not only to the emancipists but to the general condition of the colony. The Commissioner, Bigge, reported in 1822, and his report was printed by order of the House of Commons. Macquarie returned to England in the same year, and immediately on his arrival wrote to the Secretary of State. That he had much to say in defence of his policy may be gathered from the following extract from his letter to Earl Bathurst :

I found the colony barely emerging from infantile imbecility, and suffering from various privations and disabilities ; the country impenetrable beyond forty miles from Sydney ; agriculture in a yet languishing state ; commerce in its early dawn ; revenue unknown ; threatened with famine ; distracted by faction ; the public buildings in a state of dilapidation and mouldering to decay ; the population in general depressed by poverty ;

no public credit nor private confidence ; the morals of the great mass of the population in the lowest state of debasement, and religious worship almost totally neglected. Such was the state of New South Wales when I took charge of its administration on January 1st, 1810. I left it in February last reaping incalculable advantages from my extensive and important discoveries in all directions, including the supposed insurmountable barrier called the Blue Mountains, to the westward of which are situated the fertile plains of Bathurst ; and in all respects enjoying a state of private comfort and public prosperity.

The task laid upon Phillip and his immediate successors of forming an industrial community on the shores of Botany Bay was one that might well have been deemed impracticable. From the animal or vegetable life of the country not even a slight supply of food could be obtained, everything required must be imported, nor were there other natural resources to help them in their early struggles. During the greater part of the thirty years following Phillip's arrival England was at war, and for several years her sea communications were threatened, and sometimes dangerously. The voyage from England to Sydney usually occupied eight months, and this, with the dangers of war, made the upkeep and provisioning of the struggling settlements a task full of difficulty. In such circumstances, in Johnson's phrase, the wonder perhaps is, not that the settlement was made ill, but that it was made at all. Yet there were some points in favour of success. The site chosen was all that could be desired, and had the special advantage of being remote from all intercourse that would have interfered with the objects of a penal colony ; the climate was excellent ; the aborigines few, and comparatively harmless unless wantonly provoked ; the Governors were conscientious, humane, and capable ; and the money provided by the English Government adequate to the needs of the establishment. If proper human material had been provided, there might indeed have been a successful issue to a most interesting experiment. But no large proportion of the bond popu-

lation was fit material, and, indeed, the only qualification that the persons in authority in England paid regard to, was the character of the offence of which the convict had been pronounced guilty, and the length of his sentence. In the circumstances of the case this was inevitable. The judges who pronounced sentence were hardly in a position, even if they considered it part of their duty, to determine whether the men before them were fit material for transportation; indeed, it is only too plain that power to send a man to a remote penal colony was looked upon as a means whereby an additional punishment might be inflicted upon him, and the country rid of an undesirable citizen. Nor was it to be expected that the officials of less degree would deal with the matter of transportation in any other spirit. If persons adapted to the life of colonization, and of whose moral reformation reasonable hopes might have been entertained, were alone to be selected for transportation, a preliminary test would have been necessary in a probationary prison established for the purpose; but this would have been foreign to the ideas of the time, for in 1788 England was still under the yoke of a barbarous penal code, and vengeance on the offender rather than his reformation was the motive of punishment. It is therefore not surprising to learn that, while the Governors and others in charge of the new settlements clamoured for young men of good physique, the responsible authorities in England thought only of how they should dispose of the miscellaneous crew that thronged the gaols, and whether the transportees prospered or perished was alike a matter of indifference, provided the gaols were cleared. The consequences of this indifference may be seen in the early lack of the most ordinary precautions to keep the convicts alive on their long voyage to Australia. The First Fleet brought its living cargo to land with few mishaps, partly because some care was taken with its equipment, but chiefly because Phillip himself—a most humane man—was on board and in command. With the Second Fleet

it was otherwise. Out of 983 men who embarked on the three ships, *Neptune*, *Scarborough*, and *Surprise*, 273 died on the voyage and 486 were landed sick, of whom many died within a few weeks of their being put ashore. This fleet was pre-eminent among convict flotillas for its terrible mortality, but several subsequent consignments were also marked by heavy death-rolls; indeed, things did not change greatly until the expedient was tried of "recompensing the surgeons of the convict ships for their assiduity and humanity." This recompense ultimately took the form of a bonus for every convict safely landed.

By many persons the experiment of convict colonization was watched with great solicitude, in the hope that in it would be found a remedy for the acknowledged defects of the English penal system. This solicitude did not extend to many of those who in England were actually responsible for the business management of the settlement, and there was very little improvement in the class of persons transported, except that after a time no large proportion of elderly people was sent out; the type of men was not altered. During all the early years there was a notable lack of tools and the general accessories required in agricultural and allied pursuits, the urgent requests for their supply being treated with indifference, and it was much the same with other industries that the Governors sought to foster. In time the more important of these defects were remedied, and the settlement was well equipped for the work to be done, well equipped in all respects save its human material. With every inducement to become worthy citizens, with better chances of success than had many better men without convict taint who remained in England, it is remarkable how few of the convicts became genuine settlers. Governor King's dictum "that he could not make farmers of pickpockets," was undoubtedly just, but, besides this original defect, their industrial experience in the colony did not incline them to sustained effort, by which alone successful colonization can be accomplished. A very small propor-

tion of the convicts who became free by pardon or servitude attempted to settle on the land, and few of these were successful. The great proportion of them betook themselves to the towns on the expiration of their sentences, and their prison training was not favourable to the growth of the qualities necessary to safeguard them against the dissipations and temptations of town life. There were some notable exceptions, notable because they were so few, men who became universally respected in a community little disposed to overlook a taint of convictism. Macquarie looked with particular favour on ex-convicts, especially those who, he thought, would become useful settlers; indeed, it was imputed to him, and with considerable truth, that he would have preferred to see the settlement remain a paradise of the reformed, than become a flourishing colony built up by free immigration. There was, however, little likelihood of a paradise of any kind being established, for the failure of transportation as a means of reforming criminals was as complete under his régime as under any of his predecessors. The greater part of the bond population made no social advance whatever; a large number, including, it must be confessed, many who had been transported for trivial crimes, and some exiled for merely political offences, became brutalized by their convict associations and by the inhuman punishments of the system until they were beyond redemption. The free men who arrived in the colony came as settlers; few engaged themselves in trade, but where an ex-convict was able to shake off the handicap of his past and become a respectable member of the community, it will be found that he was not a settler, in the sense of the term as used in these pages, but a trader. The great majority of the emancipists, as they came to call themselves, never rose above the meanest position, but towards the end of the Macquarie period there appeared the peculiar spectacle of a select circle of ex-convicts grown prosperous by trade and aggregating a greater share of the wealth of the community than the part of the population that had come to the colony

as free men. This circumstance has been cited as an example of the reformative effect of transportation on those who were capable of reform, but neither then nor now could the acquisition of wealth be taken as indicative of the possession of moral qualities. Some of the emancipists became wealthy by very questionable means, others by arts which, though lawful, were not such as honourable men would care to practise, and the number was few indeed who could claim to have acquired a competency by useful service to their fellow-citizens.

II

THE ASSIGNMENT SYSTEM

It is at best very doubtful whether the organizers of the first expedition to Australia had any clear notion how they would be able to utilize the labour of the transportees in their new homes. It is not impossible they saw in imagination spacious farms called into being almost immediately, and harvests gathered therefrom in the first year of settlement. Otherwise it is difficult to understand how the inadequate supplies of food in the First Fleet were so poorly supplemented that within a few months of Phillip's arrival the colony was on the verge of starvation. The Governor's first inspection of the new territory made it obvious to him that many months must elapse before the soil could be got ready for the plough, and in the hilly and infertile land around Sydney large farms were impracticable. Hence the Governor found himself in the face of conditions against which no provision had been made, and saw that it would be necessary to disperse his population and permit the civil and military officers to occupy land and establish homes for themselves, while the severe work of pioneering was being undertaken. As there was no other labour obtainable—there being not a dozen free men outside the ranks of the soldiers, sailors, and civil officers—the Governor found it expedient to grant to those whose position admitted of the concession being made, the services of convicts to clear the ground, build houses, and do such other work, both mechanical and domestic, as might be required. In making this grant of the services

of the convicts the Governor acted on his own discretion, as he had no instructions from England in regard to the disposal of his men, other than that they should be employed to the best advantage.

The officers to whom bond labour was given were not slow to take advantage of their opportunities, and as the labour was without cost to themselves, they were disposed not to minimize their requirements. The bond servants given to the military and civil officers were merely loaned, that is to say, they were not indentured, and could be recalled at any moment; on the other hand, their employers took no responsibility either as regarded their maintenance or their safe keeping. Naturally, when a man suited his employer he was retained, when he was incompetent or otherwise objectionable he was returned to the depot, so that by a process of experiment the officers and the privileged persons of the infant colony possessed themselves of the best description of labour, the inferior labourer remaining always with the Government.

Phillip reported to the authorities his action in allowing some of his men to work for private persons at the expense of the Crown, and justified himself by the peculiar conditions of the colony. The English authorities took a very different view as to the manner in which the convicts should be employed. The principle of letting out bond labour on hire was new to English ideas. In the American colonies the labour was sold and the account closed, but this was impossible in the new colony, and the Secretary of State, in a letter dated 20th August 1789, for the first time adopted the principle, but insisted that convicts assigned should be housed, fed, and clothed by their masters. The object of transporting convicts from the Motherland to the colonies was to relieve the Exchequer of their maintenance, and the Home authorities saw in the system of assignment a means to that end, if the assignees were supported by their masters; otherwise they insisted that persons who were supported by the

Crown should labour for its benefit. It is clear that the situation in Sydney was not thoroughly understood in England. Misled by the reports of some of the members of Cook's expedition, the English authorities seem to have pictured a land whose natural fruits would supply a large part of the needs of the colonists, and they greatly underestimated the period which must necessarily elapse before substantial harvests could be reaped. The difficulties of the local authorities arose in part from the nature of the country, in part from the imperfections of their equipment, and, above all, from the nature of the persons with whom they had to deal. The land in the immediate neighbourhood of Sydney Cove was not fertile, and it was not until several months after his arrival that Phillip found any land which was fit to cultivate, and then only in small areas. Much of the seed which he had taken out had been attacked by weevils, and the whole of the first crop had to be kept for seed. Even when suitable land was discovered, the work of preparing it for the seed was extremely difficult. The country was heavily wooded, and the work of clearing and grubbing was arduous in the extreme. There were no ploughs; the agricultural implements sent comprised spades, shovels, hoes, and the like, and these of the poorest quality; and an even greater difficulty lay in the utter inexperience of the colonists, bond and free alike, in all forms of culture. Many of the convicts were unfit for labour of any sort; most were unwilling to exert themselves in any way, and those who could and would work were not physically the most competent. Hence close supervision was required. No overseers, however, had been provided, and Phillip was compelled to employ convicts in that capacity; but these, as might be supposed, proved of very little use. The Governor, in his extremity, naturally turned for help to the military, who, he considered, were equally with himself interested in the success of the settlement. The officers declined to consider themselves in any way connected with the penal establishment. They were a

garrison to defend the infant settlement against attack from within or without, and refused to interest themselves in convict labour except when such labour was for their own immediate benefit.

In the peculiar condition of the colony a local supply of grain was an urgent necessity. Twice had the settlement been on the verge of starvation, and at any moment supplies from England might be again interrupted. No efficient work was to be obtained from the convicts on Government farms, and the only means of making the colony self-supporting in the matter of grain, was to hand the men over to those who would make them work. This was Phillip's plea for assigning convicts to the officers and other free persons, and none of these would accept them unless they were maintained from the public Stores. On behalf of the officers it was argued that the whole produce of a convict's labour was insufficient to maintain him; but even if this were true, which was probably the case in the early days of settlement, some return was due to the State for the actual value of work done. This was the view of the British authorities, who did not remit their efforts to secure that assigned convicts should be fed and clothed by their employers.

Phillip was really opposed to the policy of extensive assignment advocated in London. Above all things he wished to wean the convicts from their vices, and he saw grave objections to the association of the convicts with the military, which had a corrupting effect on both classes. He therefore urged on the responsible authorities the desirableness of sending out free settlers to whom labour might be granted. In July 1790 there were only 38 assigned convicts employed, so reluctant was the Governor to carry out his instructions, and it became necessary for the authorities to urge the matter more strongly. In 1792 Dundas, who had succeeded Lord Sydney as Home Secretary, wrote pressing for more vigorous action and a system of assignment on as large a scale as possible, and he placed no limits on the number to be allowed to

individuals. Phillip had urged that persons accepting assigned servants should be allowed to victual them from the Stores for at least two years, and that they should be clothed at the expense of the Government for the same period. Dundas reluctantly agreed to allow assigned servants to be fed and clothed at the public expense for a limited period, but considered twelve months as amply sufficient; he left it, however, to Phillip's discretion to give more if necessary. Phillip, in return, suggested eighteen months as the time during which assigned convicts should be supported at the public charge; at the end of that time employers should return them, or pay for their hire in grain, and to this the Home Secretary agreed. The question of assignment was therefore settled for the time, on the basis of allowing civil and military officers to keep two of these State-provided servants for two years, and other persons were allowed two for eighteen months only; after the lapse of these periods the assigned servants were to be wholly supported by their masters. All new assignments were to be on the basis of eighteen months' free service.

Phillip returned to England almost immediately after this arrangement had been concluded, and on his departure the government of the colony was assumed by Major Grose, Commandant of the New South Wales Corps, as Lieutenant-Governor. Grose had ideas of his own in regard to assignments, and, entirely disregarding the arrangement concluded by Phillip with the sanction of the Secretary of State, he established another scale of assignment more agreeable to the wishes of his fellow-officers and of other persons interested. Under this scale each officer was allowed thirteen convict labourers, three for domestic purposes and ten for agriculture; three of the settlers were given five each, and the others two; superintendents of convicts and constables had four; ex-convict settlers and sergeants of the New South Wales Corps one; all these were to be victualled and clothed at the public expense. Grose explained his action in a letter to the

Secretary of State, and justified it on the ground that it was likely to lead, and in fact had already led, to a rapid increase in the extent of ground cultivated. Governor Hunter, who had left England before Grose's despatch arrived, investigated the local conditions on taking over the government, and in a General Order of 15th October 1795, confirmed the scale of assignment brought in by Grose; but when the Secretary of State's despatch came to hand in February 1796, it was found to contain a severe reprimand of Grose for his temerity in varying the arrangement made by Phillip. This rebuke fell also upon Hunter; but the Governor did not take it to himself, as he considered that it was directed at the action of an acting-Governor, in reversing the policy of a fully constituted Governor without consulting the Secretary of State, whereas he felt himself entitled to consider a question on its merits irrespective of previous decisions. In spite, therefore, of the view of the Secretary of State, Hunter did not change the system existing on his arrival, beyond inviting the officers to maintain two or three out of the large number of assigned servants whom they employed. But they were unwilling to make even this slight concession. Pulled one way by the advice of the men on the spot, and the contrary by the commands of his superiors, Hunter endeavoured to win over the authorities in England to a compromise. He claimed that if the policy of labour subsidies were continued, there was a fair prospect of settlers taking the labourers off the hands of the Government, and a certain prospect of the colony producing sufficient grain for its own support. But the British authorities were not to be turned from their purpose. In replying to the Governor, the Duke of Portland, who had succeeded Dundas, emphasized the great expense of maintaining convicts in the colony, namely, £20 a year each for food and clothing alone, a sum which was more than two-thirds the full cost of supporting prisoners in English gaols. To allow thirteen bond servants to every officer was equivalent to a direct grant

of £260 a year, a subsidy which was as enormous as it was unreasonable. The employer, he contended, ought to pay by his crops, at the market price, for the provisions and clothing of the convicts he employed. Hunter, who was never really convinced of the justice of the officers' demands, but had given way for the sake of peace, being now fortified by the direct command of his superior, issued a General Order in May 1798 limiting the number of men granted to the officers at the expense of the public to two; for all above that number rations and clothing obtained from the public Stores were to be paid for in grain or fresh pork. This Order appeared to admit of no escape, but it was readily evaded by the officers and persons in superior positions on the civil establishment, as would appear from a petition of the Hawkesbury Settlers, presented to the Governor in 1800, complaining that they had not a due allowance of men to till their land, while officers and other favourites had men allowed them out of number. The Governor replied that they too could have men if they would pay for them at the established rate as the officers did. What he should have said was, "as the officers were expected to do," for that they did not pay is evident from a letter which he wrote to his successor, complaining of the deception which had been so often practised upon him. After his return to England, Hunter admitted that officers had received maintenance for their servants far beyond the numbers prescribed; this would not have been possible to any large extent unless the Governor had been party to the breaking of his own rules, which, as a matter of fact, was really the case. The Governor was, however, subjected to an influence which was not fully appreciated in England, in the great pressure put upon him by the officers, which his position, totally isolated as it would have been had he broken with them, made him ill qualified to resist.

The English authorities knew the officers very well, and put little faith in their protestations of inability to meet the charges for bond labour. As far back as 1796

they had evidence that one at least amongst them was able to support his men, for in that year Captain Macarthur had relieved the Stores of the obligation of supplying his men with bread, and probably could have taken them off the Stores altogether if he had so desired. When, therefore, Captain Philip Gidley King became Governor in 1800, he had instructions to take immediate and decided steps to diminish the numbers of State-supported convicts in private employment. Accordingly, he issued a General Order to the effect that officers should be allowed only two servants victualled and supplied from the Stores—unless they were magistrates of the territory and unpaid, in which case five servants “on the Stores” would be allowed them. In order to discover the exact condition of affairs in regard to assignment, he required every officer to send him a list of the convicts in his employ, indicating the two whose services he wished to retain. Such other servants as an officer might have were not withdrawn, but he was required, if he retained them, to feed and clothe them. Shortly afterwards King issued a further Order directing all who retained assigned servants to attend at a place appointed in order to obtain printed copies of the terms of the agreement which they were to sign; and later, in the same year, the conditions of employment were reissued in a General Order to which the rates of wages for certain descriptions of labour were appended. In 1801 the Governor refused to permit the assignment of convicts to sergeants of the New South Wales Corps, and those already employed by the sergeants were returned to the depots. He also issued fresh regulations of assignment, the principal changes being a reduction from five to four in the number of State-supported servants allowed to magistrate-officers, and the restriction of the free service allowed to an officer’s wife to one woman-servant.

The English authorities were satisfied that the Governor was doing his best to put down abuses, but the Secretary of State urged that still further restrictions should be imposed on the employment by private persons of State-

kept labourers, and suggested that when officers or others were farming they should support all the labourers allowed to them, without exception, and if they were unwilling to do so, they should return their men to the depots, from whence they could be sent to the Government farms. In obedience to the directions of his superiors the Governor again amended his regulations dealing with bond labour, and directed that, in future, persons supported by the Stores and assigned to officers and others should be employed on domestic work only, the sole exception being that of magistrates, whose privileges were not interfered with at this time, though a few months later State-supported servants were withdrawn from them also. As a result of King's efforts there were, at the end of the year 1801, 611 men and 261 women convicts reported as being "off the Stores," working either for themselves or for farmers who maintained them. When reviewing the situation on 1st March 1804, the Governor furnished a statement indicating that the allowance of victualled servants to officers and others, including the Governor himself, was at that date only 94, so that at last practical obedience to the orders from England had been attained.

In the foregoing account, little mention has been made of the female portion of the convict community, not because they were not numerous, for they numbered about one-third of the whole, but because female labour was never at any time industrially important. Especially during the early years of settlement the women were greatly neglected, and as a consequence the majority of them grew grossly depraved. Some were assigned as servants to the officers' wives, some looked after the huts in which the convicts lived, some married or entered into relations more or less permanent with the convicts and the soldiers, and on the establishment of the linen and cloth manufactory at Parramatta a few were employed therein. It was not until Macquarie's time that any real effort was made to deal with the women convicts in a humane manner. Circumstantial accounts of their condition and treatment

having reached England, Lord Castlereagh, the responsible Minister, being horrified at what he learnt, sent out particular and peremptory instructions for an amelioration in their condition, and the adoption of a more enlightened policy in their regard. As a result, most of the women convicts sent out during his administration were assigned to settlers for three years under a bond from the employers for their humane and proper treatment. It cannot be denied that the women convicts were an exceedingly troublesome class to deal with, and the early Governors all agreed in regarding them as far more difficult to control than the men, but it is also very evident that no sustained effort was ever made to save them from the contamination of their surroundings.

It will have been gleaned from the foregoing pages that the policy of assignment took many years to develop into an orderly system. At the beginning the business was quite informal, but in Governor King's time assignment had developed from a plan by which labour was lent freely by the Governor for an unspecified length of time into a legal covenant, between the Government and the employer, that the latter should maintain a convict in a certain way for a certain period, receiving his labour in return. In its perfected form the system of assignment of convict labour to private persons answered the expectations of the English authorities, and relieved them of a considerable monetary burthen; and, from a humanitarian point of view, was a great advance upon the American system from which it sprang. When the practice of transporting convicts to America was in vogue, the English authorities sold to the contractors the labour of the prisoners for the term of their sentence. These contractors transported them to America, and in their turn sold the men to the planters of Maryland, Virginia, and other States for a cash consideration, and bound them by indentures so that, for all practical purposes, the prisoners became slaves. They were dependent upon the planters alone, for, when disposing of them to the contractors, the

British Government renounced all responsibility in their regard, and even had such not been the case, the Government was too far away to be reached by any appeal. When transporting prisoners to Australia, the British Government went through the form of handing over their indentures to the persons who contracted to carry them to Australia, and these indentures were, on the arrival of the prisoners in New South Wales, transferred to the Governor, and when that official in his turn assigned his prisoners as servants his responsibility for them did not cease, for he was bound to see they were well treated. Moreover, from time to time he regulated the conditions of their employment, and prescribed the manner in which they were to be fed and clothed. If they were seriously ill they were to be returned to the care of persons appointed by him. If they behaved well and were diligent, they might be rewarded by conditional or absolute pardon; if they were idle or vicious, the Governor alone could punish them with severity—at least, so ran the letter of the law. Their labour was not a chattel which could be sold by one employer to another; it remained the property of the Governor, and to him it would revert on the completion of the period of assignment, or previously if the conditions were not carried out.

Until the regulations made by Governor King, there was no thought of a contract between the Government and the parties requiring bond labour. Those who were privileged to have the gratuitous services of prisoners selected the men they required, retained them if they wished, or returned them to the convict barracks and obtained others in their place. When the practice of granting men maintained from the public Stores was abolished, the privilege of picking and choosing was also curtailed, and some attempt was made to systematize all dealings with convict labour. To this end certain rules were laid down, having reference to the mode of obtaining labour, the hours to be worked, and the general treatment of the labourer.

Almost from the beginning of settlement the arrangements made by the Governors in regard to working days left free to the convicts a few hours of daylight weekly, which they might use for their own advantage, if they cared to do so. Some of the more energetic amongst them were not slow to avail themselves of their opportunities in this respect, and thus arose the system of convicts working "on their own hands"—that is to say, of working for themselves or for wages when they could find masters. The practice of allowing the convicts who were in the Government gangs to work for private employers after their task was done, appears to have arisen about 1793. In November 1794 King described it as an established custom at Norfolk Island for settlers to hire the convicts on Government work to labour for them in their leisure hours, and the practice became prevalent in the main settlement soon afterwards.

Naturally, the practice of allowing men in Government employ "to work on their own hands," for wages, led to a condition of things not contemplated originally when the practice was introduced, viz. the working of assigned servants for others than their regular masters. When convicts were first handed over to private employers no restrictions were imposed as to the hours they should work daily. When assignment became a legal system the hours of labour on Government works were understood to be the hours for men in private employ, but the matter was not one definitely fixed by regulation. Men in private employ were worked longer than those on Government works, but they had ordinarily certain privileges by way of compensation. When, however, the right of working on their own was given to men in Government employ, assigned men claimed that the same privilege could not be denied to them. By custom, dating from the foundation of the settlement, the masters of assigned men claimed the services of their men on all occasions and at all times. If they showed special consideration to their men when they required them to work beyond the Government hours, it

was an act of grace, not a recognition of a right to such consideration ; the masters, moreover, claimed and exercised the right of employing their men either on their own work or letting them out on hire, and they naturally resisted the claims of their assigned servants to "work on their own" after Government hours, a claim which struck at the absolute control of the masters, and greatly diminished the value of the assigned servants. It became necessary for the Governor to intervene, and in June 1801 he issued a General Order directing that assigned convicts were to labour only for their employer and on his land, and were not to be allowed "on their own hands," or to be let out to hire. From the year 1800 onwards, the importance of the assigned servant class may be gauged by the series of regulations promulgated by the Governor, and affecting their position. Under the regulations issued in October 1800 an assigned servant was to be provided with a sheltered lodging on his master's farm ; he was not to absent himself from his work, nor to be guilty of insubordination. If sickness made it necessary, he was to be sent to the Public Hospital, and a substitute was to be provided by the Government if he were in hospital more than a fortnight. An employer was forbidden to strike or flog his servants ; if necessary, he could complain to a magistrate. The magistrate could commit the offender to prison or order corporal punishment up to fifty lashes. No greater number could be ordered without the approbation of the Governor.

The power to punish their assigned servants was always assumed by the masters, and the regulations of 1800 were looked upon as a curtailing of their powers and provoked much grumbling. Many of the masters would not deny themselves what they considered the privileges of their position. Representation having been made to the Governor that it was still the custom of masters to horse-whip their men, he followed up the regulation empowering convicts to be punished by process of law by another authorizing an assigned servant to complain to the magis-

trate of his employer's ill-treatment. The punishment to be inflicted on an offending master was not stated, but he might be proceeded against at law, or "such other notice taken of the offence as the case might require." In February 1802 employers were warned that if they beat their servants or used them ill they would be taken from them, and the offenders dealt with "according to their situations in the colony"; and in the same year Ensign Bayley was tried by court martial for repeatedly beating and horsewhipping his convict servant, and was punished by suspension for three months. Bayley's offence was a very gross one, and his three months' holiday seems a very inadequate punishment, but the fall of the cat on the backs of the convicts was too frequent a sound to arouse much indignation, even in out-of-the-way instances of brutality. When the case was reversed, the punishment never failed to meet the offence; thus in February 1802 a convict, the servant of an officer, was ordered to receive one hundred lashes and to work in the gaol gang for a year, as a punishment for gross abuse of his master, and refusing to sleep on his farm. It would be tedious to encumber these pages with other instances: their number is beyond computation. What the Governor could do by way of amelioration was done. He kept on making regulations upon regulations until every phase of the assignment system was dealt with. In the year 1803 employers were ordered not to discharge any of their servants until the time agreed upon had expired. In 1807 a General Order declared that employers would not be permitted to exchange their assigned servants for others unless they had employed them for a year, or the men were ill, or had been convicted of some offence before a magistrate. In 1808 no assignment was declared cognizable unless it had been drawn up at the Judge Advocate's Office and registered, and in 1811 the magistrates' power of punishing refractory servants was limited to inflicting fifty lashes and thirty days' hard labour.

There were many other regulations affecting the relation-

ship of masters and convicts, but the foregoing are of the most consequence. The Governor obviously did his utmost to protect the convict against ill-treatment, but if tradition is to be believed, his success was not conspicuous. The treatment of assigned servants depended more upon the humanity of the masters than on the letter of the Governor's regulations. The regulations permitted the convict to appeal to the magistrates, but the magistrates were in all cases employers of labour and masters of convicts. Their natural and active sympathies were with their fellow-employers, and where the complainant was a convict—unless the accused master was an ex-convict who had attained the position of land-holder and assignee of convicts—there was little probability that magistrates would inflict any punishment, or even give the complaint consideration.

There is abundant evidence that employers sometimes treated their convict servants very harshly, but as employers accepted assigned servants for the purpose of labour, it must obviously have been to their interest to keep them in a condition to labour to the best advantage, even as it paid a slave-owner to treat his slaves reasonably well. The best evidence on this point is furnished by the fact that convicts usually, if not invariably, preferred assigned service with private employers to remaining in the Government gangs. A convict might hope to be assigned to an employer with some feelings of humanity, who would have consideration for the welfare of his servant, but the gangers under whom the convicts in Government employ worked were either the lowest type of freemen or ex-convicts, a class notoriously hostile to their fellow-convicts who still remained in chains.

The restriction of the power of the magistrates to inflicting a punishment of not more than fifty lashes and thirty days' hard labour applied only to offences of discipline complained of by the master. When the offence could be brought under the category of offences against public order, there was no limitation to the magistrates'

powers. In 1822, not long after Macquarie's departure, a convict servant was brought before the magistrates at Liverpool, charged with the offence of exciting his master's servants to combine for the purpose of obliging him to raise their wages and increase their rations. The master admitted that he had agreed to pay his men £15 a year and a premium of £5 and 2s. 6d. for every lamb above 300 in a flock of 350 ewes, but alleged that he had given them 9 lbs. of flour and 7 lbs. of meat per week, which was above the stipulated allowance. The convict servant admitted the additional rations, but contended that he and his fellows had been charged at such prices that they were always in their master's debt, and had not received even a penny in money. The magistrates took a very serious view of this attempt at labour combination, and the prisoner was sentenced to solitary confinement on bread and water for one month, to receive 500 lashes, and to pass the remainder of his original sentence at a penal settlement. It may well be imagined this exemplary sentence prevented, for a time, any further attempt at a combination "to raise wages and increase rations."

III

MUSTERS

BEFORE Governor Phillip allowed his prisoners on the First Fleet to land, he assembled them on the decks of the transports and made inquiry concerning various matters of which he wished to be informed. This muster, which would probably have been held in any case, was rendered necessary by the circumstance that the papers relating to the prisoners had been left behind in England, but the experience of the First Fleet was the experience of the second and of every other that came to Australia. This formal muster on shipboard was the visible sign of the transfer of the convicts to their new masters, and was conducted by the Governor's secretary and the superintendent of convicts on the quarter-deck of each vessel, in the presence of the surgeon-superintendent, the captain, and the ship's company. Each convict was asked his name, the time and place of his trial, his sentence, birthplace, age, trade or occupation, and his replies were compared with the particulars set out in the documents received from England. Further, to establish his identity, his features were noted, his bodily marks and characteristics carefully set down, and the state of his health ascertained. When all had been examined, the prisoners were invited to state any complaints they desired to make as to their treatment on the passage, and when these were recorded, the clothing they were to wear in their new home was given to them.

After the muster on board the transports was completed, the Governor was accustomed to appoint a day for

the debarkation of the prisoners. At an early hour they were dressed in their new clothing, and marched into the gaol yard at Sydney, where they were arranged for the inspection of His Excellency before being allotted to their various places. When the Governor had finished his inspection he "addressed the convicts in an audible tone," beginning his address with an inquiry as to whether they had any complaints to make, whether the treatment they had received during the passage had been kind and humane, and whether they had received the proper allowance of provisions. He next proceeded to offer words of advice and exhortation, pointing out the advantages they would reap from good behaviour, and the penalties that would follow if they continued in their old courses. No Governor failed to sermonize when the opportunity offered. He himself might be unequal to the task of living up to his own moral code, but no convict was able to say that he took to paths of evil for lack of warning as to whither such paths led. The women convicts were mustered on the transports in the same way as the men, but the inquiry was less particular, and they were not inspected upon landing, nor did the Governor address to them any words of warning or encouragement. They were not indeed past redemption, but the conditions of the settlement appeared to the authorities such that it was inexpedient to make the convict women too sternly virtuous for their position.

These introductory musters showed the Governor the extent and nature of the colonizing material sent to him, but the primary reason for holding a muster was to find out how many mouths there were to be fed, as the providing of food for his people was the most anxious care of the Governor during the first few years of the settlement's existence. The First Fleet was ill supplied with stores, and though other store-ships were subsequently despatched, fresh relays of convicts were constantly arriving, so that it was essential to the safety of the settlement to keep careful watch on the food supply, and at times even to curtail the scale of rations when the quantity of food

remaining in stock became greatly reduced. As the work of colonization progressed, and the convicts were removed from the immediate oversight of the Governor, that official had naturally some uneasiness lest any of his subjects should escape his jurisdiction. Small as was their chance of subsistence if they left the settlement, many of them imagined, as already narrated, that they could reach other countries by a comparatively short passage overland. The end of all these attempts was much the same: some of the unfortunates died of starvation, some were killed by natives, and some returned or were recaptured, and their punishment made them regret that they had survived to experience again the usages of civilization. After the colony had been established a few years, there were many time-expired convicts and ticket-of-leave men upon whose way of life the authorities felt it needful to keep constant watch, and as the settlement developed they had other reasons for continuing the practice of frequent musters. A regular muster took place every Sunday at church parade. The convicts were arranged in their gangs and attended by their respective overseers and constables. Those living out of barracks were mustered by the chief engineer and principal superintendent at the doors of the church, and at these the attendance of convicts and of their wives and children was compulsory. The form of enumeration was not so detailed as that which took place on the transports, but it was similar in character.

In addition to this regular weekly muster the commandant frequently caused the working gangs to be mustered in his presence, at the spot where they were employed, as entered in the returns of labour. This form of muster was designed to prevent any evasion of labour or unauthorized removal of men from one place to another, and was directed as much against their superintendents as against the convicts themselves. It was a standing jibe during the first twenty years of colonization that the population, bond and free, was in a continual state of being mustered. When there were signs of discontent the

Governor used the muster as an occasion for hearing the grievances and complaints of his prisoners, never failing to exhort them to good behaviour in the paternal manner to which allusion has been made. If any special information had to be elicited, a muster always offered itself as the readiest means to that end. When in 1803 the demand of the Roman Catholics for official recognition of the existence of their religion could no longer be ignored, a special muster of the persons professing that faith was ordered; and when the condition of the Stores made it desirable that the prospect of the harvest should be ascertained, all the settlers engaged in farming were mustered to meet the Governor.

Musters of the whole population were naturally less frequent than of the bond population, but they were held often enough to be both irksome and inconvenient. Ordinarily a muster was appointed by a General Order issued by the Governor, in which the inhabitants were informed of the day on which they were to present themselves at the appointed place. The earliest musters were taken at Sydney; Rosehill (subsequently called Parramatta) was soon added, and, later, Greenhills in the Hawkesbury district was constituted a separate mustering-place. The first musters were held in the yard of Government House at Sydney, and in other places the barracks and gaol yards were employed. The growth of a new social order may be noticed in 1811, when the church at Windsor, the public schoolrooms at Parramatta and Sydney, and Mr. Knight's house at Liverpool are mentioned in the General Order of that year as the headquarters of the various districts. Musters at Norfolk Island and Van Diemen's Land were taken at the times appointed by the officers commanding at these stations, and they were on the same lines as those at headquarters.

As the numbering officers were few and the people to be enumerated were many, it was usual to begin the musters at an early hour, sometimes as early as seven o'clock in the morning, but more frequently nine o'clock was the

appointed time. For the same reason the musters were usually held in the different districts at different times. Advantage was taken of this last-mentioned circumstance by some of the people to attend musters in two districts and by this means obtain a double supply of rations ; for presence at muster gave a title to those who were otherwise eligible to draw rations from the public Stores. This imposition became known in time to the authorities, and in order to prevent a recurrence of it, Governor Hunter in 1796 ordered a simultaneous muster in the three districts into which the colony was divided. The Governor doubtless outwitted those who wished to impose on the public Store-keeper, but in other respects the muster was a failure, as there were not in the colony sufficient qualified officers to enumerate the whole population in the one day.

The muster of 1798 may be regarded as typical of those taken before Governor Macquarie's time. The chief muster of the year named was appointed for February, and on the 14th of that month the labourers, free and convict, were enumerated ; on the morning of the following day the settlers were called upon to present themselves, and later on the same day the women and children. But this was an unusually rapid muster. In 1800 a muster was begun on 18th July and lasted until 15th August, and at times, owing to seasonal disturbances, even longer periods were taken to complete the work of enumeration. Thus in 1809 the period appointed was from 22nd May to 6th June, but heavy rains set in, the Hawkesbury and George's River overflowed their banks, and the country for miles around was inundated. The muster of the residents at George's River, Greenhills, and other districts affected had therefore to be postponed, and was not again attempted for several months. The shortage of labour was another cause of the long period over which a muster extended. Ploughing and other field operations dependent on rain could not be postponed even for a muster, and sometimes when these operations were not going forward, it was impossible for settlers to suffer their

whole household to quit work on the same day. In course of time, as settlement extended and considerable landed interests were acquired, it appeared incongruous that the owner of an important estate and the master of many men, free and bond, should be forced to attend at a schoolhouse or church door to be mustered with his servants, and the absence of certain persons from musters was tolerated. Besides these, certain classes of the population, chiefly officers, civil and military, were, as a rule, not required to attend, and sometimes they were even allowed to make a return of the servants employed on their land, in which case the personal attendance of these men was also excused. It is strange, however, that the presence of children at musters, which for many reasons was highly objectionable, was insisted on until the arrival of Governor Macquarie in 1809; thereafter their parents were allowed to answer for them.

Originally, the information required at musters was purely personal, but it was extended as the settlement grew, until a muster became a census of industry as well as of population. From settlers was demanded a statement of the extent of their holdings, the amount of land under cultivation, the number of their stock and, during the early years, the amount of grain which they were prepared to furnish to the public Stores. After the system of assignment came into force, free labourers were obliged to produce their passes, showing they were free and at liberty to work for hire, and ticket-of-leave men were required to bring their certificates. The musters, therefore, afforded a great deal of information as to the economic condition of the colony. The records were sent to England for the information of the Secretary of State, and became important evidence of the work accomplished by the Governors.

Attendance at musters was required under heavy penalties. Free persons who failed to attend were to be treated as vagrants, and convicts working for a master were to be sent to the gaol gang for twelve months. Nor

were these provisions mere empty threats. Nevertheless, the Governors complained that the information obtained was far from satisfactory, and that in spite of their exhortations and the penalties for disobedience, numbers of persons, especially ticket-of-leave men, neglected to put in an appearance. But these absences could not have been very numerous maugre the wrathful outpourings of the Governors to the contrary. Their Excellencies were so accustomed to command, to hang offenders for really trifling offences, deal out corporal punishment at will, and otherwise dominate the settlement, that they could hardly bear a difference of opinion, not to say direct disobedience; they never failed to express their extreme dissatisfaction with any one who, whether sick or well, failed to honour so important an institution as a muster by his presence. At any time during the first twenty-five years the voice of complaint could be heard after every muster, and it was not until 1814, when Macquarie had already been five years Governor, that the monotony of complaints in regard to unsatisfactory musters was broken. In the year named the Governor issued a General Order complimenting the free inhabitants and the convicts on their regular attendance at his musters. Under Macquarie the business of taking a general muster was systematized and made as little troublesome as possible. The various classes of the community were allotted different muster days, and the mode of presenting the information obtained was greatly improved. In his returns the inhabitants were distinguished as: men victualled from the Stores (civil officers and military excepted); male prisoners and freemen not victualled from the public Stores (except such as held land); settlers, comprising every description of persons occupying land by grant, lease, rental or permission; women of all classes victualled from the public Stores; and female prisoners and free women of every description not victualled from the public Stores. In the closing years of Macquarie's term the extension of settlement, especially beyond the Blue Mountains, rendered

frequent mustering impracticable, and after the year 1820 it became the practice to take but one general muster annually, the month of October being usually chosen for the purpose, as being the period of the year when the work of agriculture would be least interfered with. A very important departure from the established practice was also introduced. Previous to 1820 the general musters were taken under the direct personal superintendence of the Governor, assisted by the Deputy Commissary General ; but in commanding the muster of 1820, Macquarie referred to this system as one " framed for and adapted to a very circumscribed population," and he arranged that the mustering stations should be increased to seven, three being new, and that they should be under the superintendence of the district magistrates. These provisions of the Governor made it easier for persons living in the remote districts to attend ; the presence of the district magistrates was expected to ensure greater accuracy, and, as a matter of fact, the population, seeing their convenience was being reasonably studied, answered to the appeals of the Governor and did their best to make the musters as complete as possible. The muster of 1820 formed the basis of the return of the population made by Commissioner Bigge. The total population of Australia was 29,407, of whom 23,939 were in New South Wales and 5468 in Van Diemen's Land : 2021 persons had come free to the colony, and 8368 were born there, including 6688 then twelve years of age or under ; the population of convict origin was 19,018, of whom 12,039 were still serving their sentences and 1790 holding tickets of leave ; there were 3617 whose sentences had expired, 182 who had been pardoned absolutely, and 1170 pardoned conditionally, and 220 others whose civil condition was not ascertained, as being on board ship they were unable to attend the muster. The last muster taken in Australia was in October 1825 ; thereafter enumerations took the form of an ordinary census, but no census could effectually answer the purpose for which the system of mustering was first instituted.

IV

WAGES AND WORKING HOURS

WHEN the assignment system came into force as detailed in a foregoing chapter, it was not the intention of the Governor that wages should be paid either to men working for the State or to those in assigned service, and it was not until it was found expedient to work the convicts beyond the ordinary hours, that the question of wages arose. In determining the amount of work required from his convict subjects, Governor Phillip took as a guide his experience of English labourers, but he had also to consider the character of men for whom he was legislating. He did indeed consider it, but not in the way an economist would have suggested. The men were ill-nurtured, and physically and mentally depraved, and these characteristics would seem to have demanded a mitigated task as compared with what a normal man might be called upon to perform. But Phillip was not an economist. He had generous feelings towards his subjects, but he was also a moralist, and it was in this last-mentioned capacity that he proceeded to determine the hours that his men should labour.

His laws were all conceived in the spirit of the primal curse, which designated work a punishment, the life of man a warfare, and his time here below probation, to be spent in weariness and sorrow. The root idea of those who pressed for the colonization of Australia was that the transfer of the bond population of England to a new land would be in itself a cleansing process, and the habit of regular work, "especially in the open air," would bring

health to soul and body. Phillip was of this mind, and apparently thought there could not be too much of a good thing, so he fixed the working hours from sunrise to sunset. In summer this meant work from 5 A.M. to 7 P.M., with intervals for rest and meals amounting to $2\frac{1}{2}$ hours. The working day was therefore $11\frac{1}{2}$ hours long. But Phillip was a just man according to his lights, and seeing that his men differed greatly in their capacity and their willingness to work, he felt that it would be only fair to the capable and willing workers to fix a daily task and permit them to cease working when that task was completed; but he required the slow and inefficient workers, who could not do the allotted task, as well as the loafers, to work the hours which he had fixed by regulation. The introduction of task work soon brought with it considerable complications. The men who formed the first settlers were, on the whole, of poor physique, and the task given them was not heavy, so that the more robust convicts, who came to the colony some years afterwards, were able to do in a few hours what took others the whole day. In 1798 Governor Hunter declared in a General Order that the task then prevailing was not worth the expense of keeping the labourers, and directed that the convicts employed publicly or privately should return to the hours of labour fixed for them by Governor Phillip, that is to say, from sunrise to sunset, with the two intervals of rest, and the hours were to be adhered to until a fair and proper task had been established. If these hours had been rigorously enforced, there would have been an end to the practice of men working in their own time, except perhaps on Saturdays, when they were free after 10 o'clock in the morning. But task work appears to have been soon re-established, for a private letter from Sydney, dated shortly after the issue of Hunter's Order, describes the Government gangs as working six hours daily, and in June 1799 the Governor published a General Order permitting the day's work to close at 2 or 3 o'clock in the afternoon, the closing time depending upon whether an hour's interval was taken for breakfast or not.

In the wages regulations of the year 1800 the week's task work for various forms of agricultural labour was fixed "for the servants of the Crown employed by Government and individuals," and in the same regulations day work was fixed at nine hours on five days of the week and five on Saturday—that is to say, from 5 A.M. to 3 P.M., with an interval of an hour for breakfast, on ordinary days and from 5 A.M. to 10 A.M. on Saturdays. The majority of the men in Government employ were on task work, and there is abundant contemporary evidence that men on task work worked only about half the time their fellows on day work laboured. Things had therefore moved considerably in favour of the convicts since Phillip's labour code had been issued. Task workers took every advantage of their position. As far back as 1798 Hunter complained that the sawyers engaged on piece-work, who were able to get through with their appointed task in the forenoon, wished to establish a custom of not working in the afternoon, even if the weather made it impossible for any work in the forenoon. They even demanded wages for work in the afternoon, "as if," as Hunter puts it, "they had done so much work beyond their Government task."

In 1804 Bligh issued a regulation fixing the hours of agricultural labour as from 5 A.M. to 7 P.M., but only for the months of November and December, otherwise the nominal hours of labour remained unchanged from 1803 until 1811. In the year last mentioned so much confusion existed, as to what convicts should do at task work and as to their ordinary working time—a confusion partly arising from the irregular government of the military during the period of Bligh's deposition—that Macquarie, shortly after taking over the government, determined to do away with "any real or affected misunderstanding of the old-established regulations, and issued instructions that daily work was to be from bell-ringing to 8 A.M. and from 9 A.M. to 3 P.M., except on Saturday, when it was from bell-ringing until 10 o'clock only. As the bell was

rung at 5 o'clock in the morning, this was a reversion to a working day of nine hours.

A large majority of the convicts sent to Australia, especially the long-sentence men, could not, on the expiry of their sentences, obtain return passage to England, and had perforce to remain in the settlement ; there were also a considerable number who received their pardon conditionally on their undertaking not to return home. These two classes, with the retired soldiers who preferred to remain in the colony and a few free immigrants, constituted the free industrial population. The number available for employment on wages was increased by unassigned convicts in Government employ and the assigned men in private employ willing to work for hire in their own time. There were thus two distinct classes constituting the labour supply—the free labourers, whose whole living depended upon their earnings, and the bond labourers, free to labour after the Government's or their master's claim on their time was satisfied, who worked for what might be termed the superfluities of life, since they were fed, clothed, and housed at the expense of the Government or of their masters.

The causes which interact in an ordinary community to determine wages were in these circumstances prevented from operating, and matters were made more serious for the free labourer by the adoption of the old expedient of the legal regulation of wages ; for the Government having entered on the path of arbitrary regulation by fixing the prices at which goods could be bought or sold, it was inevitable that it should determine also the price of labour. The first movement for the arbitrary regulation of wages came from Norfolk Island, where, in November 1794, a number of farmers presented a petition to the Lieutenant-Governor pointing out that the wages for reaping wheat without binding it into sheaves during the previous season had been 10s. per acre ; they were apprehensive that a demand for still higher wages would be made in the following year, and asked that the Governor should prevent any such demand being made. A year later Hunter issued a

General Order, fixing the rate of a daily labourer's wage for reaping at 10s. per acre. It agreed, apparently, with the price the masters were willing to pay, being based on an estimate of reaping an acre and a half per week, representing a wage of 2s. 6d. per day, but the Governor stated that he had fixed it "by comparing with the usual price fixed in England."

The convicts transported to Australia comprised men of very different classes. There were amongst them many of the worst possible type of criminal; others, poor wasters, who drifted into crime without any special tendency thereto, and who, if they were alive in these days, would be punished by an imprisonment of as many weeks as they then received years; others again, and not by any means a small proportion, who, whatever their offence might have been, were not criminal at heart; and finally persons exiled for their political opinions and rebellion. Of these last there were a large number transported for being concerned in the Irish rising of 1798. Some of the convicts were followed into exile by their wives and families, and these men and the better class of prisoners, who hoped to save something to begin life upon when their term of servitude was over, formed the body of workers who took the greatest advantage of the permission granted convicts of working "on their own hands." The whole body of labour—that is to say, both the free labour and that represented by the working capacity of bond labour outside the Government hours—if it had been consistently employed would have been sufficient for the whole work of the community, probably more than sufficient, but a large portion of the Government and assigned labourers worked beyond hours only intermittently; were it otherwise, the case of the free labourer would have been bad indeed. As it was, the respectable convict was the chief peril of the free labourer, the dissolute convict was his salvation; the former worked for hire for what he could get, begrudging himself any rest; his dissolute companion, however, had to be tempted to work, and were it not for

the incentives of rum and tobacco he would not have worked at all; indeed, the small sum payable for work after hours was no inducement to him to abandon his leisure, and it was always necessary to tempt him with a wage well above that fixed by law. The opposing labour elements of the community were the free labourers and the respectable class of the bond population, and employers, in their aim to keep down wages, had on their side the powerful influence of the Government and, as a rule, the class last mentioned.

When the Governor granted to convicts in the Government employ the right to work "on their own hands," his expressed wish was to encourage industry, and his anticipation was that their labour would be principally employed in the small garden allotments which were granted to the industrious, and secondarily in the service of private persons. He had no intention of placing the Government in the position of having to pay its own men for work done after hours, and of encouraging them to shirk work during the time specified by the regulations for their employment. But these were the immediate results of his well-meant action. It was manifestly illogical to allow men to work after 3 o'clock for private persons for wages and deny the same men any recompense when their employer after hours was the Government. The Governor, therefore, against his will, was compelled to give all his men wages when they were required to work beyond the regulation hours. It does not need much discernment to see that if a man works from 5 o'clock A.M. to 7 P.M., that is, for twelve hours daily, allowing intervals for breakfast and dinner, and his time is divided between two masters—one who pays money wages, and one who does not, but who feeds, clothes, and houses him, and must do so whether he works or does not work—if there is any choice of the quality of the work performed, that choice will be exercised in favour of the master who pays wages, and the more especially when that master is in a position to keep back the wages should the work be ill done. What

happened was inevitable. Government work was systematically evaded as regards both the nominal hours and the quantity of work done in a fixed time. So much, indeed, was work evaded that the terms "working for Government" and "Government stroke" became synonymous with loafing, and to this day the traditional expressions are used and understood in their original signification, although more than seventy-five years have elapsed since the assignment system was abolished.

There arose also a further complication which the Governor does not appear to have foreseen, when he authorized convicts to work for wages in their own time. Men in assigned service claimed and exercised the right of working after hours for any one who would employ them with or without the consent of their own master. This right the masters stoutly refused to recognize, but the regulation was against them. The Governor, however, came to their assistance, and in October 1800 he issued a General Order "that if their master could give them employment for the remainder of the time—that is to say, after 3 P.M.—at the established rate, assigned servants were to do his work in preference to any other person's." This Order was dictated by a desire that the convicts should remain on the farms to which they were assigned, and thus prevent higher wages being offered by competing employers. At the time the regulation was framed there happened to be a substantial decrease in the number of servants available, and the Governor desired that every employer should have the full command of his own assigned servants; but the amended regulations had an unexpected result in compelling a master, in districts where the services of men after hours were in demand, to pay them wages whether they themselves needed their men to work beyond hours or not, and as masters were not disposed to pay wages when no work was done, they required their men to continue working until sunset, so that the time of labour introduced by Phillip, viz. from 5 A.M. to 7 P.M., again came into vogue, with this difference, that assigned servants were allowed

10d. a day as wages. Some of the employers found this payment a burthen, and most of them resented it, and it was not long before they devised a method by which they might comply with the letter of the regulation and at the same time reduce their servants' wages to a nominal amount. This will be referred to later on.

The proclamation of the Governor fixing the daily wage of a bond labourer working "on his own hands" at 10d. did not specify the rates for free labourers. The cost of feeding and clothing a convict in the early years of settlement was usually reckoned as equal to 10s. a week, and working "on his own hands" a man could earn 5s. more according to the regulation rate of pay, so that the weekly cost to a master of his assigned servant's labour was about 15s.—the hours of labour being from 5 A.M. to 7 P.M. It was at this rate that employers expected to get free labour, but it was rarely possible for them to get efficient men at that price, and as early as 1795 there is evidence that free labourers seldom asked less than 4s. or 5s. a day without board and lodging. In January 1797 the settlers complained that the wage demanded by the free labourers was "so excessively exorbitant that it runs away with the greatest part of the profit of their farms." Governor Hunter took the matter seriously into consideration, and desired the settlers to hold quarterly meetings in the several districts to settle the rates of wages and to draw up an agreement binding themselves to pay those rates. One meeting was held, and is referred to in the General Order of 10th March 1797. The rates as drawn up were delivered to the Governor, and he fixed therefrom "a mean rate . . . fair and equitable between the farmer and the labourer." The rates for certain kinds of agricultural labour were specified. Many were piece-work rates, but the daily rates were also determined, viz. 2s. 6d. without rations, and 1s. with rations provided. The regulation rations were to be 4 lbs. of salt pork or 6 lbs. fresh pork and 21 lbs. of wheat with vegetables per week. Where a man was hired by the year, he was to be paid £10 with board and lodging. In the

same General Order the rate for a "government man" working in his own time was again fixed at 10d. per day. The Governor advised that in order to prevent disputes hirings should be quarterly, half-yearly, or yearly, and that they should be made in writing. In order to ensure the successful working of these regulations Hunter followed them up with another General Order, offering a reward to any persons giving information against settlers who evaded their provisions, and directing that labouring men offering themselves for hire who refused to accept the regulated wages were to be apprehended immediately and prosecuted as vagrants.

That the Governor's attempt to regulate wages proved unsuccessful may be gathered from the fact that on 18th September 1797, that is to say, about six months after the regulations were published, he publicly notified his regret that the settlers did not conform to the rates set down. In February 1800 Hunter, replying to a petition of the settlers in the Hawkesbury District, expressed his belief that the high price of labour was a great disadvantage to the settlers, but he bade them "recollect the trouble and pains" he had taken some years past to establish a general rate of wages, and this he did at the express wish of the settlers throughout the colony, "but as soon as it suited their convenience they broke through those salutary regulations." Nor was the difference a mere trifle between the regulation rates and those actually paid. In making his report in 1800 King gave a statement of the wages demanded and paid, contrasted with the legal rates appointed by his predecessor:

	Price paid July 1800.			Established rate.		
	£	s.	d.	£	s.	d.
For falling, burning off, and breaking up one acre of land	5	3	0	2	18	0
Reaping wheat, per acre—Parramatta	0	13	11	0	10	0
Sawing plank, per 100 feet . . .	1	1	3	0	7	0
Day labourers—without board . .	0	5	0	0	2	6

King, however, did not despair of bringing the actual

wages back to the regulation standard. He had the power to punish both the man who paid and the man who took more than the regulations allowed. What more could any autocrat require? In his General Orders he spoke of the "neglectful disobedience of orders for reducing the price of labour among freemen," and in 1804 he issued a General Order restating the rates of wages as drawn up by Hunter, increasing the working day from nine to ten hours on five days, and from five to six hours on Saturday. He also increased the scale of payments to convicts working in their own time from 10d. to 1s. per day.

Bligh, who arrived as Governor in August 1806, lost no time in dealing with the wages question. In the following December he issued a proclamation fixing the scale of wages to be paid for reaping during the months of November and December at 10s. per acre or a bushel of wheat, at the option of the labourer. If the master provided food, a deduction of 2s. 6d. a day was to be made. For threshing the same price was to be paid as for reaping. For labour in stacking and carrying grain and securing stacks the rate per day from 5 o'clock in the morning to 7 o'clock at night, allowing three hours for eating and rest, was 5s. or half a bushel of wheat, at the option of the labourer. For breaking up stubble ground 15s. an acre was allowed; for hoeing and planting corn 8s. per acre, and for pulling and husking corn 6d. per bushel. Labourers who demanded or took more, or who refused to work at the rates set down, were to be placed in the stocks two days and one night for the first offence, and punished for subsequent offences by three months' hard labour. Masters who paid more were to be imprisoned ten days without bail, and to pay a fine of £5. The rate of 5s. per day for stacking and carrying was a noteworthy concession to the demands of the labourers, and indeed all the other rates were from 10 to 20 per cent in advance of those previously issued. After Bligh's deposition by the military his wages regulations were repealed, and a General Order of 1808 practically re-enacted the

rates of 1797, but there was an improvement in the wages allowed to provided labourers, which were fixed at about 10s. per week as compared with 6s. in Hunter's scale.

Macquarie, who became Governor in December 1809, continued the rates existing when he took office, but there can hardly be any doubt that they were habitually exceeded by certain classes of employers, and occasionally by others, when the exigencies of business demanded it. The higher rates were usually paid by the small settlers who had no assigned servants at command, and who lacked the official and social influence which would make it dangerous for a labourer to press for wages in excess of the regulation scale. When dealing with the more important settlers, especially those who were magistrates, labourers had usually the alternative of working for wages little above the starvation point or risking going to gaol by asking for higher rates; their only means of escape was by not applying for work to employers who insisted on paying only the regulation scale.

That rates in excess of those established by regulation were habitually paid for certain classes of labour is clear from the evidence given before the Select Committee of the House of Commons in 1812. According to this testimony the commonest form of labour earned from 5s. to 7s. per day. Harris, a shipwright who left the colony in 1808, declared that "his earnings were 10s. a day when working on board ships or repairing boats, and that usually he received his food as well." Palmer, who was Commissary from the foundation of the settlement until after the arrival of Macquarie, gave evidence that the lowest weekly wage for which a labourer could be obtained was 24s. Labour in the outlying districts was much dearer than in the neighbourhood of Sydney, as convicts when they obtained their liberty usually gravitated to town, but even in Sydney it was usual to pay more than the regulation price. Nor was it possible to keep the wages of convicts working in their own time at superior employments, down to the rate of 10d. and 1s. allowed by the

regulations. Margarot, who was transported for a political offence, was in every way qualified to speak, having an experience of the colony extending from 1794 to 1810. Referring to craftsmen, such as smiths, carpenters, tailors, and shoemakers, he states that some could earn from £4 to £5 per week in their own time. These, of course, were men of exceptional qualifications, and their cases are mentioned here as illustrating not the earnings of convicts but the futility of the regulations which the Governor issued. The attempt to regulate the wages of artisans and skilled mechanical labourers was never at any time successful; this was tacitly acknowledged by the authorities, who, though they did not exclude them from the operation of the labour regulations, did not specifically include them. The regulations particularly aimed at agricultural and general labourers, whose wages it seemed to every Governor most desirable to depress.

The regulation forbidding an assigned convict to work in his own time for other than his own master, when the latter had work for him, effectually put a stop to a practice that might have proved a source of embarrassment to settlers with assigned servants, without benefiting the convicts themselves, but it established the custom of paying wages to all assigned servants, which was never contemplated when the system of assignment was introduced. Macquarie was a great builder. His roads, bridges, churches, and public buildings required for their construction large numbers of labourers, and he allowed assignment to proceed only on a small scale. Consequently the masters found it necessary to employ their servants, not only during the regulation hours, but during their own time, so that there came to be no distinction between an assigned servant's own time and the hours legally belonging to his master. No option was given a man of working overtime—that is, after 3 o'clock—or of employing that time in his own way. An assigned servant's whole time again became his master's, as Phillip originally contemplated, but as compensation it was ordered that

masters should pay their assigned servants a yearly wage, to the men £7, and to the women £5 : 10s., and provide them with lodging, food, and clothing ; where the clothing was not supplied, the wages were to be £10 and £7 respectively. The scale upon which assigned convicts were to be provided by their employers was also exactly laid down. They were to receive a ration and clothing equal to that issued from the public stores. They were also to have a sheltered lodging on the farms whereon they worked. If the employer could not furnish it himself, the ration of animal food was supplied from the Stores and paid for by him in grain. The weekly ration usually consisted of 7 lbs. of salt beef or 4 lbs. of salt pork, about 9 lbs. of wheat, and maize, pease, or rice in addition : a very meagre fare, somewhat less than that given to convicts in Government employ. Towards the close of the Macquarie period the wages current in the various settlements may be taken to have been :

Assigned servants not working after 3 o'clock, with board, lodging, and ration clothing	No wages.
Assigned servants working the full day, with board, lodging, and ration cloth- ing	£7 per annum.
Farm servants, shepherds, labourers, paid by the year with board and lodging	£10 per annum.
Day labourers without board and lodging	4s. per day.
Mechanics, carpenters, blacksmiths, bricklayers, stonemasons, and plas- terers	5s. „
Caulkers	6s. „
Shoemakers	5s. „

It has been stated that the masters were not slow to devise a system by which the wages of their assigned servants were reduced to a nominal sum. The masters' position may be illustrated by reference to various cases which came before the courts about the close of the Macquarie period. A case typical of many was that of

a female convict, assigned as a servant to a master who had agreed to pay her wages at the rate of £7 a year for two years, and £10 a year for subsequent years. At the end of five years, her term of assignment having expired, the woman asked for her wages, amounting to £44, and being refused, sued her employer. Judgment was, however, given against her, the magistrates holding that the regulations granting wages to assigned servants were designed to enable a convict to obtain during the period of his assignment "fit common comforts," and as the woman had been supplied with such comforts, her master was held to have complied with the law. In another case an assigned servant sued a prominent colonist for moneys claimed to have been wrongly deducted from his wages. In this case the master, on taking his servant into his house, gave him "unlimited diet" and deducted £5 a year from his wages on that account. The man claimed that as an indoor servant he had a right to such a diet as well as to the wages granted by the regulations, but the magistrates dismissed the case, holding "that yearly wages were allowed to convicts as a payment for overtime, in order to provide extra rations, and so long as the master gave extra rations and some few luxuries, the magistrates would not interfere further than to see that the several articles set down in the account between master and servant were not exorbitantly charged." What was exorbitant was a matter the magistrates did not define. The usual profit made by a master on his supplies to his servants ranged from 50 to 100 per cent, so that in actual money the £10 annual wage of a convict servant did not represent more than £5 or £7 : 10s. The payment of wages to convicts was also conditional on their good behaviour during the whole term of service, and cases frequently occurred where claims were disallowed on the ground that "faithful service" had not been given. This rule was sometimes made to work very harshly against convict servants, as dishonest masters had seldom any difficulty in discovering causes of complaint which, when told to the

magistrates, might make their servants appear to have been unfaithful.

The practice of paying wages in kind was not confined to convict servants. In the rural districts, even where the engagement to undertake work was with free men, it was an invariable rule for the employer to stipulate that his employees should draw the whole of the provisions and necessaries they might require from his stock; but it was also usual to have an understanding in regard to prices, which were on the same basis as those charged to assigned servants. Atkinson, who wrote some few years after the close of the Macquarie period, considered the actual price of labour was, owing to this practice, about one-fourth less than the nominal price. During the later years of Macquarie's governorship the "truck system" was not imposed to any great extent upon town workers who were free men, at all events not upon the skilled workers. Macquarie's building operations were on so extensive a scale (he actually erected one public building to every 150 inhabitants of his little realm) that good men were greatly in demand, and were in a position to resist, and did resist, the attempts of employers to reduce wages by requiring them to take part thereof in goods, to which exorbitant prices had been affixed. Writing in 1821, Bigge, in his report on the condition of the colony, estimated that the cost of a convict servant, whether skilful or unskilful, was £25 : 12s. a year, of which £9 : 2s. was the cost of a ration of meat (7 lbs. per week at 6d. per lb.), £6 : 10s. the cost of a ration of wheat (one peck a week), and £10 money wages; but as money wages were rarely paid, the master's profit, which may be taken as £3, has to be deducted, so that the actual cost of a convict servant to his master was £22 : 12s.

Towards the end of Macquarie's term of office the number of convicts arriving far exceeded the requirements of the country, and neither was the Government able to find employment for them on public works nor private employers to receive them on assignment. At certain

periods the numbers were so great that the accommodation available in the convict barracks and gaols was altogether too small, and the practice arose of allowing men whose services were not required, particularly tradesmen such as tailors, shoemakers, and the like, who had a little money or property capable of being converted into money, to be at large and at their own disposal. These men released on parole were required to pay the Government a regular weekly sum, generally 10s., which was reduced to 5s. if the convict gave up his Government ration. This custom existed both in Sydney and at Hobart; in the latter town practically all well-behaved convicts were allowed to seek lodgings away from the barracks, paying their way out of their own earnings. The practice, however, was a temporary expedient which was abolished as soon as the demand for assigned servants overtook the supply.

Throughout the whole of the period, from the foundation of the colony to the departure of Governor Macquarie, the ostensible policy maintained towards the labour element, whether free or bond, was the same, but the actual policy was changed as occasion demanded; reluctantly, it is true, but not the less effectually on that account. It will have been gathered from the foregoing pages that there were three phases in the history of assigned convict labour: the first was when the men were fed and clothed at the expense of the Government, the master having their labour without being required to support them; the second stage saw the men working without wages, but clothed, fed, and housed by their masters and not by the Government; and the final stage was when the masters not only maintained their assigned servants but paid them a wage.

In the first stage there was no room for the free labourer, and he was practically non-existent. In the second and third stages there was room for him only because assigned labour was labour working under almost the worst possible conditions, giving the employer the smallest possible return for the food and clothing which he supplied. Various

estimates have been made of the value of assigned labour in New South Wales as compared with free labour in England ; these estimates place the value of a free English labourer as from twice to three times that of a convict. The cost of a convict, according to the official estimate, was £36, viz. £26 for food and lodging, and £10 a year for work after 3 o'clock ; according to Bigge it was £25 : 12s. Both figures are probably correct, the larger estimate for the years prior to Macquarie's arrival, and the lower figure for the closing years of his administration. Taking the value of a free labourer at twice that of an assigned convict, it would apparently have paid employers to hire free labour at a wage not exceeding £1 per week, in preference to accepting the assigned service of convicts. According to the regulations the wage of a free labourer was to be no higher than 2s. 6d. per day, or 15s. a week, so that, allowing for lost time and other breaks, the earnings of a free immigrant or convict who had become free would have been little, if anything, better than those of a prisoner, that is, if the official views could have been made to prevail. It was in the minds of the rulers of the colony that the convicts, as they became released from servitude, should form a helot class not much above the convicts still under sentence, and so far as large numbers of them were concerned, this would have been quite possible of accomplishment. The wage of 2s. 6d. per day fixed by the regulation, if it had been generally accepted, would have forced the emancipists to work every day and all day for a bare subsistence. It is abundantly clear that many labourers, especially during the early years of settlement, were compelled to work for the regulation wages ; included amongst them were men whose outlook had been so narrowed by their convict service, that when they became free they remained on with their master, on the terms prescribed by the regulation or on lower terms, preferring, if indeed they exercised their minds at all, the secure serfdom they had experience of, to the risk of again coming within the power of the relentless "system." But it is

also clear that the majority of able-bodied labourers would not accept the regulation wage of 2s. 6d. per day. The stories of the large earnings of mechanics and others put before the Select Committee of the House of Commons may be regarded as the exaggerations of men who wished to work on the prejudices of the authorities. Five shillings a day is set down in the contemporary records as the daily wage of labourers in the time of Governor King, but this wage was paid in goods, largely in spirits, and represented a much lower-money wage; towards the close of the Macquarie period the ordinary wage of a labourer appears to have been 4s. a day. This was about two and a half times the cost of keeping an assigned servant, but in most cases, even with this disparity, it would be profitable to use free in preference to assigned labour.

To ensure a supply of labour for the development of the estates which began to be formed at an early stage in the history of settlement, and to prevent the formation of a class of idle vagabonds, the Governor, as already mentioned, issued regulations which provided that every free labourer should, if disengaged, take work when offered at the wage specified, or be treated as a vagrant. An employer would thus have been able to call upon any man to work for him who was not engaged for another master, or who could not satisfy the magistrates that he had a holding of land, sufficiently large to require the greater part of his time for its improvement or cultivation. This regulation, harsh as it may seem, was strictly carried out during the earlier years of settlement, and so long as the transportees belonged exclusively to the criminal classes, its enforcement was attended with no great difficulties. But when the freed convicts included persons of superior education, and even some of good social position, it was no longer possible to enforce a regulation which would have put these people at the mercy of any one who might chance to demand their services. Most of those who were transported for offences of a political character, or against the laws relating to the expression of opinion, or

for duelling, and other "non-criminal" offences, were released from servitude on their arrival, and took much the same social position as they would have held had they remained in England; and among the emancipists transported for criminal offences there were some who were able by the exercise of business habits and integrity to acquire a competency, and towards the end of Macquarie's reign not a few such persons had achieved considerable wealth. To have attempted to subject these men to the indignity of the regulations in regard to enforced labour would have been ludicrous as well as futile. It is only just to say that at a very early period this was recognized; all that the free immigrants and the officials who sided with them could do in regard to the emancipists who attained a position of wealth and importance was to inflict upon them the social indignities and disabilities which were always possible in such a community. The closing years of Macquarie's régime were marked by the beginnings of a struggle between the two classes, a struggle which before many years were passed greatly affected the industrial relations of the community, and had important bearings on its progress.

V

THE CURRENCY

WHEN the First Fleet set sail from England, it was not thought necessary that it should be supplied with any coin, as the authorities could not conceive what use money would be in a settlement, where there were to be no shops, where the public Stores would supply all that officers, settlers, and convicts required, and where accounts would be adjusted in the books of the Commissary, and balances liquidated by drafts on the Paymaster's Office in London. This doing without money might conceivably have been possible in a hermit colony, in which the members had no business transactions with one another, and with which there would be no communications from the outside world except through the few relief-ships, that were periodically to bring from England fresh batches of convicts and stores for the public use. Matters, however, did not work out quite in this way. There were many little transactions between the colonists that required money for their adjustment, and at a very early period of the colony's history private ships began to call at Port Jackson for purposes of trade or refitting. A small quantity of coin had been brought out by the officers and other free settlers, but this proved wholly inadequate to the requirements of the settlement, and almost immediately after his arrival Phillip wrote to England for a supply of money. No haste was made to comply with his request, repeated many times, and it was not until four years later that a supply of coin was sent, and then not more than one

thousand pounds, all in silver. The letter notifying the despatch of the money referred to it as being required for discharging the arrears of pay due to the marine artificers, and the money was so employed, but it immediately found its way into general circulation. No further supply of coin was sent until 1801, when, largely in consequence of the representations of King, when in England after the wreck of the *Sirius*, the sum of £2500 in copper coin was remitted. These coins were George III. pennies, one ounce in weight. They were issued at twice their face value to the soldiers and settlers ; to the latter in payment for grain and pork delivered in small quantities to the stores, the larger payments being made in another manner, as will be presently described. King endeavoured to get these coins into general use, and made them legal tender for sums not exceeding £5, at the same time forbidding their export under heavy penalties. This latter was an unnecessary precaution, as the premium at which they were issued kept the coins in the colony. The colonists did not take kindly to the copper money ; its use as small change was restricted by its inordinate weight, and as, by a curious perversity, the Governor refused to allow the Commissary to receive it and issue Treasury Bills on London against it at its nominal value, its utility for commercial purposes was greatly interfered with. The total remittances of coin to the colony from 1788 to 1801 amounted therefore to £3500, circulating at a nominal value of £6000. This was supplemented to some extent by coins of different varieties and nationalities brought by casual trading ships, but the whole available money was entirely inadequate to meet the wants of a growing community. King appealed to the English authorities repeatedly for a further supply of both silver and copper. There were practically no exports with which to pay private traders for their cargoes, and payment had to be made in bills drawn on the English Treasury, or, when these were not procurable, by good money British or foreign ; and there was always the danger that an unusually large purchase from an American trader,

which could not be met entirely by bills on London, would leave the settlement destitute of all money except the copper tokens. Bligh, on his arrival, found a lamentable deficiency of circulating medium, and asked for a silver coinage of the same value as a shilling for issue at fifteen pence, thinking thereby to have a currency which would remain in the colony, but the request was not complied with. Small as was the amount required, the Government in England was loath to deplete its resources when it was waging war in every part of the world—indeed, a few years later (1810), Lord Liverpool, in excusing himself to Macquarie, informed the Governor that there was then great scarcity of specie in England, and none could be sent to New South Wales.

The colony had not been established long when it was visited by trading ships and whalers. These ships usually spent some money in Sydney, and thereby coins of various countries were introduced. There was a sufficient accumulation of these in the colony in 1801 for King to fix a rate at which they should pass current. In the General Order which he issued in regard to them, ten gold and silver coins, English, Dutch, Spanish, Portuguese, Chinese, and Indian, are mentioned, and the list as it appeared in the General Order is both curious and interesting. The values officially determined were :

	£	s.	d.		s.	d.
Guinea . . .	1	2	0	Pagoda . . .	8	0
Johanna . . .	4	0	0	Spanish Dollar . . .	5	0
Half Johanna . . .	2	0	0	Rupee . . .	2	6
Ducat . . .	0	9	6	Dutch Guelder . . .	2	0
Gold Mohur . . .	1	17	6	English Shilling . . .	1	1
				Copper coin of one ounce . . .	0	2

The stock of foreign money in the colony was a very fluctuating quantity ; ships refitting, watering, or taking in provisions naturally increased the local stock, but trading ships frequently took away more money than they left behind.

Bills on the London Treasury were in use from the foundation of the settlement and formed an excellent medium of exchange, especially with places outside the colony, as they were available in amounts more than sufficient to cover all transactions likely to be entered into. Cash transactions with ships were only necessary when, as was sometimes the case, the local trader found himself unable through the competition of the military trade-officers to obtain bills on London. The officers of the settlement and the military were paid their salaries and emoluments by drafts on the London Treasury, and these drafts, by arrangement with the Paymaster in Sydney, could be made up in subordinate amounts as required by the recipients. Besides these payments to officials there was another means of obtaining bills. The Government was a large purchaser of wheat and other produce grown by the settlers, and as early as the administration of Grose, who held office during the interval between Phillip's departure and Hunter's arrival, wheat was received into the public Stores at a fixed price; but there being no coin or other medium available for payment, the Commissary gave receipts setting out the number of bushels accepted, and the value thereof. These receipts were used as money, and passed from hand to hand in settlement of ordinary transactions. Naturally, they accumulated in the hands of the larger traders, who at their convenience returned them to the Commissary to be consolidated by him in a bill drawn on the London Treasury. As the settlement increased, the business of receiving goods from the settlers was deputed to the Colonial Storekeeper, and his receipts were used in the same manner as those of the Commissary. This form of currency, however, gave great opportunity for fraud and imposition, which the unprincipled were not slow to take advantage of. The receipts were frequently returned altered in value without the possibility of the perpetrator of the fraud being discovered, so many hands had they passed through before presentation. To remedy this, Hunter issued a General Order in 1796

directing that Storekeeper's receipts were not to be used as currency, but were to be taken to the Commissary, who would in exchange issue notes payable by the Government. No heed was paid to this order, and in the absence of some desirable form of paper currency the receipts continued to be used in making payments, and remained in circulation until it suited the convenience of the holders to present them for consolidation. This would not in itself have been a serious matter, but owing to the manner in which its business was conducted, the Government was unable to estimate the value of receipts in circulation at any particular time, and consequently the extent of its obligations. The obvious remedy was to improve the book-keeping system, but that apparently never occurred to any one connected with the settlement. Afraid lest he should be blamed for extravagance, when he was merely meeting the obligations incurred by his predecessor, Hunter sent to the authorities in England an explanation of the course followed by him in dealing with goods received into Store in respect of which Storekeeper's receipts were given. This explanation led to Hunter's receiving a severe reproof from the Secretary of State, and it was ordered that in future the Governor alone should issue notes. This direction was not, however, followed; indeed, it would have been impracticable for the Governor to have added this to his many other duties. King did his utmost to place the currency on a better footing. He permitted the Commissary's receipts still to be circulated, but they were liable to be called in at any time the Governor might appoint, to be exchanged for bills on the Treasury in England. As a precaution against fraud he ordered the Commissary to keep vouchers with which the receipts could be compared, and after a short experience of his new system he directed that receipts were to be presented for consolidation quarterly, and any not so presented were to be disregarded. By these means the Government was put in the position of knowing the extent of its liabilities, while the colony retained the advantage of a secure, if inelastic,

paper currency. The quarterly presentation of the Commissary's receipts did not put an end to fraud, nor could it be expected to do so, but forgery was much less frequent, as the short currency of three months enabled bills to be traced to the various hands through which they passed. The receipts of the Commissary remained part of the currency, even after the establishment of a bank gave the Government a means of paying for its supplies in another way. The ease with which these receipts could be consolidated into a bill on the English Treasury made them very valuable to importers who, as a rule, had no other means of remitting money to England, or of paying for goods purchased from trading ships.

The small quantity of coin in the settlement, supplemented though it was by the Commissary's receipts, was not at any time sufficient. Even before the year 1800 there had been considerable developments in both trade and cultivation, requiring the employment of some 500 or 600 labourers whose daily or weekly wages necessitated a considerable sum for their adjustment. This deficiency of circulation was recognized by the general orders appointing the rates to be paid for wages, for these orders usually provided that as an alternative wages should be paid in their equivalent in wheat at the option of the labourer. There was, however, no real choice as between coin and kind; no coin was available during the greater portion of this period, and labourers would have been compelled to take wheat in payment of their wages had not a more acceptable commodity presented itself.

On the departure of Phillip, Grose removed the restrictions on the introduction of spirits into the colony, and very soon large quantities, especially of rum, were imported. In 1793 an American trader came to Port Jackson, and Grose purchased from its captain some 7600 gallons of rum which he shared among his fellow-officers in the New South Wales Corps, thus placing in their hands an article which immediately superseded wheat as

a means of paying wages. It had, in the eyes of the settlers, or at least of a large proportion of them, various qualities that made it more useful than grain—that is to say, it was more easily divisible, more portable, and above all it was an article most greatly desired by a large body of wage-getters. The labourers were in nearly all cases convicts or ex-convicts, and it was found they would work for a wage of rum when they would do little for anything else. The supply of rum never ran short, but it became virtually a monopoly in the hands of the officers, who received unreasonably large supplies from the Government stores, and who, from their command of Paymaster's bills, were also in a better position than any other traders to buy from trading ships. Nor did the officers allow this lucrative business to depend on casual traders; they established a regular system of importing, and even set up private stills in defiance of the Governor's orders. King saw the evil of the growing traffic, and sent away many thousand gallons of spirits, much to the chagrin of the officers; but his actions were far from consistent, for, while he professed to hold strong opinions as to the mischief arising from using rum as money, nevertheless it is certain that its use was officially recognized by him on numerous occasions. On 11th May 1801 there appeared amongst the Government Orders a notification to the effect that "the Governor is pleased to offer a reward of 30 gallons spirits" for the apprehension of two outlaws. No more tempting kind of reward could probably have been offered, and when the Governor countenanced the use of rum in the manner indicated, it is not to be wondered that spirits continued to be the principal currency employed in the payment of wages. Bligh, who succeeded King, was specially selected to put an end to the rum traffic and to the use of spirits as a means of exchange. He made a tour through the colony, and on his return issued the following General Order: "His Excellency the Governor laments to find by his late visit through the colony, that the most calamitous evils have been produced by persons bartering or

paying spirits for grain of all kinds and the necessaries of life in general, and to labourers for their hire, such proceedings depressing the industrious and depriving the settlers of their comforts. In order, therefore, to remedy these grievous complaints, and to relieve the inhabitants who have suffered by the traffic, he feels it his duty to put a stop to this barter in future, and to prohibit the exchange of spirits or other liquors as payment for grain, animal food, wearing apparel, or any other commodity whatsoever, to all descriptions of persons in the colony and its dependencies." If Bligh had remained as Governor, he would probably have succeeded where Hunter and King had failed, but when the conspiracy on the part of the officers of the New South Wales Corps led to his seizure and deposition, the traffic flourished again and the rum currency practically superseded all other forms for internal transactions. Even in Government contracts the consideration set out was often a certain quantity of the spirit. In March 1810 the Government began the erection of a large store at Sydney, and the written contracts entered into with the stonemasons, who were all free men, are given below; it will be seen that in one case only was payment in coin specified. Prisoners were allowed to work at stone-cutting in their own time, and even to these a wage in rum was granted. The following is an extract from the agreement which was approved by the Lieutenant-Governor.

James Doran.—Himself and two children victualled, and to receive half a gallon of rum per week, provided he cuts 100 feet of stone; to be paid in proportion of one gallon of rum per 100 feet for all he cuts over.

William Walsh.—Himself victualled, and one gallon of rum per week if he cuts 100 feet, and in proportion for all he cuts over.

Barny Dennison.—Himself victualled, and 20s. per week; he is to work the whole of the week all day.

Richard Byrne, Anthony Curran, Pat'k Marman.—Each victualled, and half a gallon of rum per week; to work the prisoners' working hours, 3 o'clock.

Edward Madden, Edward Pew (two soldiers).—One gallon of rum per 100 feet each, and so in proportion, or 150 feet of rough.

Nine quarrymen and one toolmender.—Half a gallon of rum each per week ; to work all day.

Prisoners which work in their own time.—For every 100 feet of fine stone, one gallon of rum ; for every 150 feet of rough stone, one gallon of rum.

The rum currency came to an end during Macquarie's tenure of office, but not in any sudden fashion, for in 1810 Macquarie himself paid the wages of the labourers employed on Government works in rum ; and later, when in need of money to build a hospital for Sydney, he contracted with three persons to erect the building, and in payment allowed them the exclusive privilege of importing spirits to the extent of 45,000 gallons during the three and a half years over which the contract was to extend. They were allowed a number of convict workmen, and of draught and store cattle, but the Government bore no further part of the expense. It is not to be supposed that the payment in spirits was merely a form of drink traffic—much rum was undoubtedly consumed by its recipients, but the labourer paid the storekeeper in rum, and the storekeeper paid the settler, and so the rum circulated—a veritable currency.

As early as the year 1800, owing to the insufficiency of small coins, traders and employers generally were already issuing written promises to pay, or, as they were termed, "private notes or cards." These notes were in all probability first issued by persons who would be in a position to redeem them on presentation, but in the absence of any restraining law, all sorts of persons endeavoured to get their paper into circulation. Some notes were merely written, others were in type, but the better-class firms had engraved paper similar to bank-notes. Most of the notes were drawn for small amounts, but in 1810 a General Order was published forbidding the issue of paper notes for sums below 2s. 6d. This Order appears to have been applied to New South Wales only ; in Tasmania, notes

for the smallest amounts continued to be issued. The issue of paper money could not be forbidden, otherwise business would have been brought to a condition of barter, and no effective discrimination between issuers was practicable on the part of the Government; nevertheless, every Governor saw the danger of permitting an unlimited issue of paper to continue. King ordered that from 1st January 1801 only notes made out on printed forms to be supplied "to those alone whom the Governor may approve of," should be recognized, and no notes were to be held good by the Courts unless they specified the consideration for which they were given. Bligh proposed to enact that no note should be drawn for less than 20s., but did not carry his intention into effect. King's printed forms put order into the issue, but they did not diminish fraud, which was practised very largely and with small fear of detection. The early promissory notes were ordinarily made payable in wheat, but the fluctuations in price of that commodity were often the cause of great hardships. In 1807 when the price of wheat had been quadrupled owing to scarcity due to the floods, the right of the payee to enforce payment in wheat was discussed with some bitterness in the Sydney paper. Usually, however, the notes of hand were made payable in "sterling money or Colonial currency." By the latter term any commodity at current prices was understood, and rum was the one most often employed. The uncertainty as to what such notes were worth, and as to the manner in which they would be met, gave rise to much confusion and litigation. So long as currency meant any commodity at current prices, a great advantage was given to those who could buy merchandise cheap and corner the market, which was easily possible with the sources of supplies so far removed. To remedy this, Bligh issued a General Order limiting the meaning of the term "Colonial currency" in the notes to sterling money, and followed up this Order with another, ordaining that cheques and promissory notes should be drawn payable in sterling money only.

The frauds and forgeries of promissory notes naturally found their victims mostly amongst the poorer classes, who were less able than their well-to-do neighbours to estimate the worth of the paper tendered to them, but all classes suffered greatly through the undue expansion of the currency. Bligh in 1806 declared that if all the promissory notes then current had been presented to the drawers, general bankruptcy would have resulted.

With the multiplication of paper, gold and silver money of sterling value disappeared from circulation, partly by export and partly by hoarding. In 1810, when Macquarie had time to review the situation, he reported that there was no circulating medium in the colony other than the notes of hand of private individuals, and a little later in the same year he declared that there were "neither gold nor silver coins of any denomination, nor any legal currency as a substitute for specie." Paymaster's bills and Government receipts were the only things that stood for sterling money. Of these, the first named had in the most favourable circumstances very little chance of circulation; they formed the only available means of foreign exchange, and their large denomination would have prevented their general use. The Government receipts would have been more serviceable, but, as might have been expected, they were driven out of circulation by the excessive use of paper. Local bills and notes were still drawn for sterling in accordance with Bligh's proclamation, but there was a premium on sterling money, whether Paymaster's bills, Government receipts, or coin, and goods were quoted at two prices, currency and sterling.

When copper money was first introduced it was made legal tender in sums not exceeding £5, and a value of 2d. was put on the penny-piece; there was therefore considerable inducement to the local trader to import copper pennies on his own account, which he was not slow to do. In these circumstances it was impossible to maintain the coins in circulation at their assigned value, and in 1812 it is probable that the exchange value of copper

as compared with sterling money was not more than $1\frac{1}{2}$ d. per penny even in payments below £5, but legally the status of the coin had not been altered, and advantage was often taken of this circumstance. In the year 1812 a person who held a number of small notes ranging in value from 2s. 6d. to 20s., in all amounting to £75 and drawn by the same person, tendered these notes to the drawer demanding payment in sterling money. This demand was refused, and the amount of the bills offered in copper coin ; the parties not being able to come to an agreement, the matter was brought before the Court. It was contended by the respondent that copper coin being legal tender up to £5, each bill could be treated as a separate debt and liquidated in copper, but the Court held a contrary view, and made an order for the payment of the bills in full sterling money. The matter was taken to the Governor on appeal, who upheld the decision of the Court. This decision was in effect that copper coins were not sterling money, but in order not to restrict further the very limited currency of the colony, the Governor immediately issued an Order permitting the negotiation of a promissory note made payable in copper coin and not in sterling money, provided the value did not exceed £5. It does not appear that Bligh's direction that currency bills should be paid in full in sterling money was ever acted upon ; it is probable that the intention of the Order was that the bills should be paid in sterling, but at the current rate of discount that custom might establish. The records show that the premium on sterling in May 1812 stood at 20 per cent, but this premium rose in January 1813 to 75 per cent. Contemporary authorities agree that the advance in the premium on sterling was to be attributed to undue importations, for which the colony had to pay almost entirely in sterling money, the exports being still far below the value of the importations. In its issue of 27th January 1813 the *Sydney Gazette*, which was then virtually an official organ, put the position in the following words :

The scarcity in sterling money becomes every day more obvious, and its consequent rise in price reduces the currency to little more than one-half its nominal value. From the warehouses the generality of traders are supplied, the major part on credit; and they have their customers, whom they are obliged to credit likewise. The purchaser from the importer is required to make his payments all in sterling, and mostly sells for sterling money to the dealers, who, upon the contrary, are obliged to sell for currency, which must be converted into sterling before they can supply themselves afresh. Upon this numerous class must therefore fall the weight of the inconvenience. A difference of 15s. in the pound has been the present week demanded, and no article laid in at the market price of the day can afford the difference; and the issuers of currency bills will find their safety and advantage in giving out no more.

The premium on sterling fell considerably during the year 1813, when the stringency caused by the importations referred to had subsided, and on 24th October of the same year it again stood at 20 per cent, as is evidenced by the decision of the Courts in various cases. But the rate of exchange was by no means stable, to the great inconvenience of all persons engaged in business. Some of the more important traders of the settlement thought to guard themselves against these fluctuations, by stating on the face of their promissory notes that the rate of premium on sterling money was 25 per cent. The Governor, fearing this might depreciate the value of Government bills, issued a proclamation under the date of 18th December 1813, making it illegal to fix the rate of exchange, or to issue any promissory note directly or indirectly expressing a rate of exchange between the private notes and the sterling Government bills. Meanwhile, Macquarie kept clamouring for a remittance of coin from England, and at last, by an arrangement with the East India Company, 40,000 Spanish dollars were sent to Sydney. The Governor hoped that this remittance would put the currency on a proper basis, but he speedily discovered that no sound money could long exist side by side with a

depreciated currency. He therefore adopted the expedient of depriving the new coins of an export value, and to do this he adopted a peculiar form of mutilation—the centre of the dollar was cut out, and two coins made. The centre piece or dump had affixed to it a value of 1s. 3d., while the ring or “Holey Dollar,” as it was termed, passed current at 5s., so that each dollar became equal to 6s. 3d., and the 40,000 dollars became for local purposes equivalent to £12,500. The coins so mutilated naturally remained in the colony, as their exportable value was only their weight in silver, that is to say about 4s. 4d., as against their nominal value of 6s. 3d.

The better-class traders were the chief sufferers by the want of sound money. Their paper suffered depreciation on account of the over-issue of paper generally, and particularly on account of the amount of bills put into circulation by traders of low credit and standing. In the early days of the issue of paper money, when only bills and notes of the highest class got into circulation, there was no premium on sterling money; this was a condition of things which it was thought might again be established. The more important merchants of the colony therefore joined together in the issue of a special kind of promissory note printed in blue ink and stamped with a hot press, so as to make forgery more difficult. These persons bound themselves to take no other notes at their establishments. They arranged also that their notes should not be presented for payment in less amounts than £15 face value, when they should be exchanged at a discount of 50 per cent. The object of this move on the part of the larger traders was first to eliminate from circulation the promissory notes of inferior traders by refusing to take them in the purchase of goods, and by raising the premium on sterling to 100 per cent (*i.e.* a discount of 50 per cent on currency), they hoped to succeed in lessening the value of all paper but their own. This action immediately brought about a crisis. A proclamation was issued with the avowed object of putting an end to the mischiefs of the colonial currency

from the continual fluctuation in real values. It was ordered that thereafter notes only were to be issued which, in direct and certain words, expressed that the amount of their face value was to be paid in sterling money or value; promissory notes already current were to be paid at the fixed rate of exchange of 50 per cent premium on sterling money, the only exceptions being those notes which clearly expressed that they would be met at a different rate of exchange. This proclamation was intended to cover the ground until a bank could be established, a step then seriously in contemplation.

At an early period of Macquarie's Governorship he prepared a plan for the establishment of a loan bank, on the model of that founded by the Dutch at the Cape. His idea was that the bank should issue loans to land-owners at the rate of 6 per cent, taking a mortgage of their property as security; thereby he hoped to stimulate agriculture and establish credit for those who deserved it, while doing away with the need for promissory notes. The Committee for Trade and Plantations in England was unwilling to sanction the experiment, and nothing further was heard of the matter. In November 1816 an official notice was issued to the effect that certain subscribers had obtained permission to establish a bank. This was the Bank of New South Wales which now exists. It was to have a capital of £20,000 divided into 200 shares of £100 each, and was authorized to do all the usual business of banking, including the issue of notes. The Bank immediately won public confidence, and very soon the evils of an unstable paper currency disappeared, as the notes of the Bank were everywhere received and the promissory notes of private persons speedily withdrawn from circulation.

In December 1816 the question of the status of copper money was taken up by the Governor, who directed the Deputy Commissary General to receive copper pennies until 1st January following, at 50 per cent premium on their English value—that is to say, one penny-piece was

to be reckoned as $1\frac{1}{2}$ d. After the date mentioned pennies were to circulate within the colony at the same rate as in England. It will be observed that this action of the Governor reduced the value of the copper coin from 2d., at which it had been issued on its first importation in 1800, to $1\frac{1}{2}$ d., which, as already explained, had become its actual exchange value.

The suppression of the notes of private traders was a great gain; and the establishment of a bank, besides giving a secure paper currency, very badly needed, gave the colony what it never had before, a body of men who could take an intelligent interest in its monetary affairs, and who were qualified to speak and who did speak on behalf of the whole community, when the Governor proposed anything which appeared to be adverse to its financial interests. The ameliorating effect on trade conditions of the various measures just enumerated and of others taken by the Governor was undoubted, but, nevertheless, the currency position remained unsatisfactory. In the absence of a sound metallic currency, drafts on the London Treasury were the only available standard of values. These drafts, when sent to England, were exchanged for Bank of England notes; but during the whole of the Macquarie period, and for ten years previously, the bank-note varied in its gold value, touching the lowest point in 1813, when its value was only 14s. 7d. in the pound. After the close of the war in 1815 the value of the bank-note rapidly improved, and in 1820 it was again at a parity with gold. If the transactions of the colony had been on an important scale, the peculiarities of its exchanges with London would have given material for interesting study; but its business was not large, and the consideration of the question of exchange as it affected currency may be well left over until the following period when, under Sir Thomas Brisbane, it assumed an aspect of considerable importance.

The standard coin of the settlement for some time longer was the Spanish dollar. These coins continued to

be imported in fairly large quantities, as they circulated at a value of 5s., or from $15\frac{1}{2}$ to 20 per cent above their intrinsic value. The notes of the bank, as well as bills and other promises to pay, were expressed in dollars. The holey dollar and the dump also circulated, but they were no longer manufactured, and as there was the possibility of their being demonetized, they ceased to pass current at their original issue price.

Before quitting the subject of currency it may not be amiss to touch on the question of the rate of interest obtained or exacted. Prior to the year 1804 there were many complaints made of the exactions of usurers and other creditors, and in that year King issued a proclamation, fixing the rate of interest which should be paid "directly or indirectly" for the "loan or forbearance" of money at 8 per cent. The penalty for taking a higher rate was the forfeiture of treble the value as appointed by the English law against usury. In reporting his action to Lord Hobart, King said it was due "to the many vexatious appeals which came before him, in which the most exorbitant rates of interest were demanded." He fixed upon 8 per cent, after taking the advice of the officers in the colony, also because it was the rate allowed in the infant State of North America. The early Governors were rarely restrained by want of knowledge from dealing with any matter that came before them. In this case they saw that money-lenders were charging rates as high as 50 and 70 per cent per annum for the use of money, and they determined to protect the necessitous borrower from such an imposition. But in spite of their well-meant efforts a high rate of interest was inevitable. Such interest is characteristic of all new countries, and in Australia there was the unsettled currency to aggravate the existing tendency. As already pointed out, the premium on sterling was a very uncertain quantity, and it might easily happen that money would be lent when the premium was 75 per cent and be repaid when it was only 20 per cent. The lender had therefore to take more than ordinary risks,

and from the fact that the regulations of 1804 were issued again in 1808, and the question of interest was afterwards frequently under the attention of the Governors, it may be presumed that the well-intentioned laws for the protection of debtors failed in their object.

VI

LAND POLICY

A SCHEME for converting emancipated convicts into useful members of society, by giving them grants of land to cultivate, was clearly outlined before the First Fleet sailed, and Phillip was instructed to give farms to all convicts whose industry and good conduct showed them to be deserving of such consideration. The regulations embodying this scheme were laid down without any knowledge of the special circumstances in which the colony might be placed, and were such as English agricultural conditions suggested, combined with the practice in the settled colonies of America. Each man was to receive 30 acres if single, if married 50 acres, and 10 acres in addition for each child living with him at the time of the grant. These grants were to be free from any payments whatsoever for ten years, but after that time a quit-rent was reserved to the Crown, the amount of this rent being left undetermined. Circumstances prevented Phillip from making any grants of land during the first year he was in New South Wales, although in order to stimulate the clearing and cultivation of land he permitted the civil and military officers to occupy small areas for their private use. In August 1789 the Governor received additional instructions permitting him to grant, without payment, portions of land to free settlers, as well as to non-commissioned officers and privates of the marines who should retire from the service and desire to remain in the colony. To free settlers an area of 130 acres might be granted, and to retired soldiers 80 acres ; every married man was to be allowed an addi-

tional 20 acres, with 10 acres for each child. The instructions directed that "the breadth of each grant should be one-third the length and the breadth only to be allowed to extend along the banks of any bay or river"; between any two grants "a space 10 acres in breadth and 30 acres in length" was to be reserved to the Crown. This area might be leased for any period not exceeding fourteen years, but was not to be granted except by special permission. Phillip did not enter into a discussion with his superiors as to the difference between measures of length and measures of surface, but took his instructions to mean that the reserves were to be ten chains wide.

Phillip was expressly enjoined to pay attention to the laying out of townships, reserving land in each for military purposes, and for naval purposes also where such seemed desirable. The interests of religion as represented by the Established Church were not forgotten, and he was instructed to set apart a site for a church in each township, close to which 400 acres were to be reserved for the support of the clergyman; a site for a school was also to be reserved, together with 200 acres for the schoolmaster. With these instructions before him Phillip began at once to make grants of land. The first settler entered upon his 30-acre farm on 21st November 1789. The grant required that "the grantee, his heirs or assigns, should reside upon the land and proceed to its improvement and cultivation." The annual quit-rent reserved payable after the first ten years was 1s. At that time there were very few persons, even amongst the time-expired convicts, who could make up their minds to settle permanently, and grants were very little sought after.

Towards the end of 1791, however, the prospects of the colony must have seemed brighter, for many persons decided to remain, and the Governor was able publicly to notify grants to eighty-seven settlers, of whom thirty-one were marines, eleven seamen, and forty-five ex-convicts. The total area granted by Phillip amounted to only 3389 acres, so that it is obvious there was little demand for

land after the requirements of the first claimants were satisfied. The solitary life of a pioneer settler was very little to the taste of the majority of the inhabitants—free, soldier, or convict,—and it was only when instructions were received to allow the officers, civil and military, to hold land and receive grants that any progress towards settlement was made. This permission came when Phillip was on the point of leaving, and about to hand over the administration to Colonel Grose, the officer in charge of the military detachment. Grose lost no time in carrying out his instructions, and in February 1793 he granted areas of 100 acres to each of the six officers who applied for them. Larger grants were not allowed, but the officers proceeded to purchase the land of other persons, and notably of the privates of the New South Wales Corps, to each of whom Grose granted 25 acres. In this way some comparatively large estates came into existence, which it must be confessed were far better adapted to the methods of cultivation which had to be pursued than the small farms. Under Grose, settlement and cultivation made very fair progress. Hunter, who became Governor in 1795, was instructed to enlarge the grants of land of those settlers who had proved themselves “meritorious and well-deserving,” a change due probably to the representations of Phillip; otherwise the policy in regard to land grants followed by his predecessor was not deviated from. King, who succeeded Hunter, found that most of the grants made to the small settlers were passing into the hands of the officers, thereby defeating the intentions of the English authorities, who aimed at completing the reformation of the convict and transforming the soldier into a useful citizen, by making them property owners with an interest in the progress of the settlement. In order, therefore, to restrict the sale of holdings, King adopted the expedient of making grants to the children of settlers, who could not alienate them until they were twenty-one years of age, nor even then, without the consent of the Governor.

For the time being the consolidation of grants was checked, but in 1804 there was an important change of policy, and the era of large grants for pastoral purposes began. This change was brought about by Macarthur, who, during a stay of three years in England, had persuaded the English Government of the advantages which sheep-farming on a large scale would bring to the colony. On his return he brought with him directions for a special grant of 5000 acres, and as he had already acquired a large estate he was in a position to engage extensively in sheep-farming. With Macarthur other capitalists arrived, the first of their kind in the colony, and these also received large grants for purposes of stock-farming. This recognition of stock-farming as an important industry, influenced King to make grants of common land for the benefit of the small settlers. The original instructions of Phillip contemplated farms dotted over the face of the country with large spaces reserved to the Crown lying between; this plan was not adopted, and for mutual protection against the predatory natives the small farms were arranged in groups and coterminous, so that individual farms could not be extended, and the establishment of commons became a necessity if the small farmers were to be encouraged to keep stock. These commons were to be held by all the settlers conjointly on the same terms as common land in England, and their area amounted to 35,000 acres. King reported that these, with the tracts reserved to Government, occupied nearly the whole of the disposable and profitable land in the near neighbourhood of Sydney, excepting that beyond the Nepean where the wild cattle were grazing. With a view to encouraging the settlement of colonists with means, Bligh drew up a scale in which grants were to be made proportionate to the amount of capital introduced, with a maximum allowance of one acre for each pound sterling of capital. But this regulation fell into desuetude when the usurpation of the military took place.

The officers who assumed the government marked

their tenure of power by a reckless disposal of land, and during a period of two years gave away upwards of 80,000 acres, a large portion of which went to their relatives, friends, and abettors, to the detriment of genuine settlement. The action of the military had the effect of drawing pointed attention to the affairs of the colony. There was a general idea that the officers would not have risked so much in their struggle with Bligh, unless there had been much to gain, and many persons were wishful to go to Australia in the hope of winning a fortune, but without any definite idea of settling in the country. Many persons moved the authorities in England to give them grants of land on condition of their taking up their residence in Australia and bringing a certain amount of capital with them. Actual grants of land could not of course be made to such people in England, but many promises of grants were issued to persons of means, which the Governor was required to honour. This very natural arrangement had its inconveniences and was much deprecated by Macquarie, both by reason of the difficulty he was under in allotting the areas promised in the situations desired by the grantees, and because his power of affixing conditions to the grants was disputed. This power of prescribing conditions was an essential part of Macquarie's policy of peopling the country and avoiding the formation of an absentee land-owning class, but in spite of all representations the English authorities did not give up their right of issuing promises of grants until many years later. Settlement under Macquarie so greatly increased that soon almost all the available land was occupied, and to satisfy claimants he began to alienate the Crown reserves and even to grant land in Sydney itself, a step which his predecessors had refrained from taking. The increase of settlement was not, however, commensurate with the area of land granted, as the transfer of land went on in spite of the opposition of the Governor; and in order to make the practice as difficult as possible, Macquarie made grants inalienable for the first five years after issue, and required a certain

proportion of the land to be cleared and cultivated under penalty of forfeiture of the whole grant. These were conditions which could not be attached to grants issued pursuant to instructions from England, but to all local grants they were attached, and Macquarie had the satisfaction of seeing a large development of genuine settlement consequent on his policy. The revenue obtained from the lands of the colony was very slight. Amongst Macquarie's predecessors, King and Bligh had seriously attempted to enforce the payment of quit-rents, but with little success, and after Bligh's deposition the officers who administered the government entirely ignored them, and the opinion became general that the claim of the Crown to quit-rents had been abandoned. Macquarie was as little able as his predecessors to enforce the rights of the Crown, and the question of the collection of quit-rents remained over to be dealt with by his successors.

The Governors naturally gave the greatest attention to matters affecting New South Wales; nevertheless they did not fail to keep in touch with the subordinate colonies of Norfolk Island and Van Diemen's Land, and as regards land alienation, the same principles were observed in these as in the main settlement, except that owing to the limited area of Norfolk Island and the great fertility of its soil, the grants were made smaller; unmarried men receiving 15 acres and married men 20 acres with three acres additional for each child. The annual quit-rent, payable after five years, was fixed at 6d. for every thirty acres. The authority to make grants was vested in the Lieutenant-Governors of the outlying colonies, and was usually exercised with much discrimination—that is to say, so long as these Governors were subordinate to the Governor-General; but it is a singular circumstance that when this subordination ceased in Van Diemen's Land an era of extensive alienation almost immediately set in.

It is curious, at the present day, when Australia has taken a place amongst the leading countries of the world, in both agriculture and stock-raising, to read of the limited

expectations formed of the possibilities of the country after twenty-five years of convict colonization. A Committee of the House of Commons sitting in the year 1812 described the infant settlement as "bounded on the north, west, and south by the Blue Mountains, beyond which no one has yet been able to penetrate the country. Some have with difficulty been as far as 100 miles in the interior, but beyond sixty miles it appears nowhere practicable for agricultural purposes, and in many places the diameter of the habitable country is much less. In length it extends from Port Stephen to Port Jervis, comprising from North to South about four degrees; beyond this it is stated that the Colony will not be capable of extension, and of the land within these boundaries about one-half is said to be absolutely barren."

This was the description of a country almost fully settled, and the English authorities appear to have regarded as impossible the colonization of any other portion of the mainland, than the coastal strip of New South Wales. The fear that agriculture had almost reached its full development was agitating the minds of the authorities in Sydney also. The *Gazette* contained articles urging settlers to bring up their children to other than farming occupations, as it was clear that the land could not absorb the whole population. From such fears the colony was delivered by the passage of the Blue Mountains in 1813, and an unlimited area of fertile land was at once put at the disposal of the Governor.

The utilization of the newly discovered country became the problem of the hour. The colonists, confined so long to the narrow territory adjacent to Sydney, pressed for authority to occupy the country beyond the mountains, and many made selections of land without authority and occupied them with their flocks. The Governor, however, naturally wished to proceed on regular and well-defined lines, and in accordance with a policy which would receive the sanction of the English Government, and from this time may be dated the rise of an agrarian question in

Australia. Until the passage of the mountains the colony was a distinctively penal settlement, and it was with great reluctance that the Governor and his advisers admitted greater possibilities, but their recognition or non-recognition made and could make little difference, as settlement had burst the bounds of the old settled districts and could not be restrained or recalled. The Governor therefore determined to regulate the position. The first pastoralists who went over the mountains did not receive grants ; they were given licences to occupy the land on which they settled, and had ultimately to pay for the titles which they obtained ; but this is a subject the discussion of which comes more properly within the second industrial period.

VII

THE GENESIS OF THE WOOL INDUSTRY IN AUSTRALIA

DURING the first few years of settlement nothing could have seemed less likely than that the production of wool would ever become the most important industry of Australia. It seemed rather that the climate and other natural conditions of the country were fatal to the miserable sheep, which found themselves driven ashore to wander on the scrubby hills about the anxious little settlement. Forty-four sheep were landed from the First Fleet in 1788. Sickness attacked them immediately, and they were greatly worried by the dingoes, so that at the end of three months fifteen were dead, and the mischief continued until only one was left. However, greater care was taken of later importations, and it was found that sheep might be bred with some success, even in the moist coastal regions about Sydney, though many died of foot-rot and water in the head.

In the year 1791 there came to Sydney with the New South Wales Corps one Captain John Macarthur, a fresh-complexioned, handsome soldier with blue eyes and auburn hair. The son of a Plymouth tradesman, he had married the daughter of a gentleman farmer, and had himself engaged in farming in England. At one time he had held a commission in the Militia, but had resolved to transfer himself to New South Wales as an officer in the newly formed Corps. He was a man of great business ability, with a remarkable aptitude for farming, and in this

pursuit he was admirably seconded by his wife. He was a man of adaptability, quick wit, and keen insight, ambitious and indomitable in energy and patience. His name has become identified with the wool industry of Australia, but his interests were by no means limited to wool-growing. He was quick to see the opportunities Australia offered for many branches of agriculture, and in his years of compulsory exile from New South Wales he busied himself in studying cultivation in Southern Europe, in order that he might apply the knowledge gained when he returned to Australia, which he did most successfully. In fact success for such a man was inevitable, for he missed no opportunities. Yet at this time he was more than £500 in debt. Shortly after the advent of the Corps, its officers were presented with land to the extent of 100 acres apiece, with the promise that whoever first brought his land into cultivation should have an additional quantity. Macarthur claimed this reward, and thereafter devoted his leisure to agricultural pursuits. It was he who introduced the plough into Australia in 1795, while his fellow-agriculturists were still picking laboriously at the ground with hoes and spades.

Before Governor Phillip's departure in 1792, two ewes belonging to the Crown were given to each settler with an injunction that they were not to be parted with, but devoted to the raising of stock. But as soon as his ship had sailed, the officers of the Corps bought up every ewe, except those belonging to one settler, at the uniform price of five gallons of rum per head. Up to this time all the sheep in the colony belonged to the hair-bearing breeds from Bengal and the Cape, but shortly afterwards a few English sheep were accidentally introduced from Ireland. The effect of the casual crossing of these new arrivals with the hairy beasts among which they found themselves attracted the attention of Captain Macarthur. He observed that there was a gradual improvement in the progeny, that the hair was being converted into wool, and that the influence of the climate upon the fleece of sheep

generally was decidedly favourable. He began at his farm at Rosehill a series of experiments with the object of producing a fine wool, for he saw that by this means he might lay the foundations of a great industry. When, therefore, his friends Captains Waterhouse and Kent were ordered to proceed from Australia to the Cape in command of two of His Majesty's vessels, Macarthur seized the chance, and entrusted them with a commission to procure a few sheep of improved breed from South Africa. Fortune favoured the project. On their arrival at the Cape, Kent and Waterhouse found that the widow of Colonel Gordon, sometime an officer in the Dutch Company, wished to dispose of a number of valuable sheep, which had originally been imported from Holland. Accordingly twenty-six animals of pure Spanish breed were bought at £4 per head and shipped for Australia; in the same shipment were some thirty other sheep of less value. Some of these sheep died on the voyage, but the majority were landed safely at Sydney in 1797. They were probably the first merinos to browse on the grass of New South Wales. Macarthur wished to purchase all the pure-bred sheep, offering fifteen guineas apiece, but Waterhouse thought it better to distribute them as much as possible. He therefore sold three rams and five ewes to Macarthur, and, retaining some for himself, divided the rest amongst Captains Kent and Rowley, and the Rev. Samuel Marsden. Of his own flock Waterhouse writes: "As the Spanish ewes had lambs, I supplied Mr. Williamson, Mr. Moore, Government, and in fact any person who wished to have them. I never had any but Spanish rams with my flock, and on quitting the Colony sold the flock to Mr. Cox, the Paymaster, with the exception of a few I sold to Captain Macarthur. Most who had the Spanish sheep were very particular about them." Particular they may have been, but their sole desire must have been merely a rapid profit from the sale of an increased number of animals, for they made no attempt to follow up their advantage; and it is said that ten years after the introduction of the merino

stock, Governor King was unable to discover the strain in any flock but that held by Captain Macarthur. The general impression was that Macarthur's attempt to grow good wool was an amusing fad, and for many years the breeders preferred the Cape sheep to the Spanish, because it bred more rapidly and yielded a larger carcase. The sheep imported by Waterhouse, it may be explained, were much smaller than the Australian merinos with which we are familiar. Their wool was fine but by no means dense. Derision could not induce Macarthur to breed exclusively for the butcher, for it was not his custom to change his purpose when he knew that he was right. His mockers prided themselves on their penny-wisdom, while he found an equal satisfaction in present sacrifice and golden prevision. He crossed all the mixed-bred ewes of which his little flock was composed with Spanish rams. The lambs derived from this cross were clothed with wool of far better quality than that of their dams, and, in fact, so startling was the result as to justify the enthusiastic breeder's highest expectations. The fleece of a coarse-woolled ewe of the original flock was valued at 9d. per pound, and the fleece of her lamb, begotten by a Spanish sire, was worth 3s. a pound. By a systematic selection of the finer ewes of the new cross-breed for further mingling with his merinos he improved the strain. His own account of his early experiments, given in examination at London before the Board of Trade in 1804, is as follows :

“The sheep I first began to breed from were of the Bengal race weighing about 6 lb. per quarter. I improved these by rams obtained from a cross between the Cape ewe and some rams of the Spanish breed. I cannot ascertain the particular breed of the rams. I afterwards obtained a number of ewes of the Cape breed, and these I continued to cross with rams bearing wool. By this means I obtained what I conceived to be a fine breed of Spanish sheep, and bred as many of this pure breed as possible, and crossed all the ewes bearing coarse wool, or being of the hairy sort, with rams of the Spanish breed. The

sheep of the country is the hairy sort. I conceive there exists a preference in the colony in favour of sheep bearing inferior wool, founded on an opinion that the carcasses of such sheep are more profitable." It is impossible now to decide from which particular stock Macarthur's Bengals were drawn, as there are several different races of sheep in India, and no exacter description than that just given has been handed down to us ; there is, however, a general testimony that, as possible wool-producers, the original stock was most unpromising.

The methods of sheep-farming in the early days of Australian settlement did not differ essentially from those of classical antiquity. Waterhouse had a flock of somewhat less than a hundred Spanish, which he trusted to an experienced shepherd. "They were drove into the woods," he tells us, "after the dew was off the grass, drove back for the man to get his dinner, and then taken out again till the close of the evening, when they remained in the yard for the night." It was found necessary to house the creatures at night to protect them from the heaviness of the dew and the severity of the coastal rains. In some districts the length and density of the grass were a drawback, for in the rank herbage the dew and rain found shelter from the direct rays of the sun, and were a cause of disease to the unhappy animals that thrust a way half-hidden in their pastures. We are informed that each of Macarthur's fine-woolled sheep wore round its neck a little leathern collar. Wentworth, writing on the subject of sheep protection a few years after Captain Waterhouse, says : "They are never permitted to roam during the night, on account of the native dog, which is a great enemy of them, and sometimes during the day makes ravages among them, even under the eye of the shepherd. In every part of the country, therefore, they are kept by night either in folds or yards. In the former case, the shepherd sleeps in a small movable box, which is shifted with the folds, and, with his faithful dog, affords sufficient protection to his flock against the attempts of these mid-

night depredators. In the latter, the paling of the yards is always made so high that the native dog cannot surmount it."

In 1800, for reasons which do not concern this narrative, Macarthur resolved to return to England as soon as he could obtain leave, and, with this end in view, made an offer to the Government of the whole of his live-stock, with his farm at Parramatta, at the price of £4000. The sheep under offer numbered six hundred, four hundred of which were females, and the price set upon them was £2 : 10s. per head. Several of them were Spanish, and most of them were merino cross-breeds. "I am so well convinced," wrote Lieutenant-Governor King to the Treasury Commissioners, "of the great utility these acquisitions would be of to the public interest, that I beg leave to recommend my being authorised to make this bargain, and to extend it in the same proportion for the increase of stock between this offer and my receiving permission to make the purchase." King's advice was not accepted by his superiors; in his despatch on the subject the Duke of Portland wrote: "With respect to your proposal to purchase the stock and property of Captain Macarthur, I am of opinion that the purchase on the part of Government should be confined to that part of his live-stock which will be the means of improving the breed, namely, to the English cattle and the Spanish sheep. The horses and the mares cannot be slaughtered, and will be more useful to the settlement as private property than as belonging to the Crown. (Considering Captain Macarthur in the capacity of an officer on duty with his regiment, I can by no means account for his being a farmer to the extent he appears to be, and I must highly disapprove of the Commanding Officer of the Corps to which he belongs allowing him or any other officer to continue in such contradictory situations and characters.)" But before this peevish reply had been received, a series of events of the utmost importance to Macarthur had taken place. He was at this time one of the wealthiest and

most influential men in the colony. His extensive interests, his consequent power, and his ceaseless activity involved him in many quarrels, and brought him at last into collision with the Governor himself. King, in a furious despatch, says that "experience has convinced every man in this colony that there are no resources which art, cunning, impudence, and a pair of basilisk eyes can afford that he does not put in practice to obtain any point he undertakes." The officers of the New South Wales Corps, after much muttering, had reached an openly expressed discontent with His Excellency's well-meaning but rigorous attempts to stamp out time-honoured abuses. Finally the fiery-tempered Governor and his unruly officers came to loggerheads over a matter which, in itself, was of no great importance : any excuse was sufficient to precipitate the trouble. Colonel Paterson, Commandant of the troops and Lieutenant-Governor, after some hesitancy, threw in his lot with the Governor, and thereby incurred the displeasure of Macarthur. The latter divulged some of his colonel's private correspondence, and set to work to sow dissension between him and the Governor. The result was a duel between himself and Paterson, in which Paterson was seriously wounded. Macarthur was immediately placed under arrest ; he refused to be bound over to keep the peace, and on being peremptorily ordered to the command of a detachment at Norfolk Island, demanded a court-martial. The principal charge against him was that of trying to effect a dissension between the Governor and the second in command, and King, considering that to have tried Captain Macarthur "on that charge by a court-martial would neither have answered the ends of justice nor restored confidence between the officers," refused his demand, and sent him to England under arrest. But before he sailed he committed an act which, however beneficial it may have been to the prospects of the wool industry, was not likely to reinstate him in the good opinion of Governor King. Colonel Foveaux, having been appointed Lieutenant-Governor of Norfolk Island, had

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authorized the Governor to offer his sheep for sale to the Government. Macarthur, after the departure of Foveaux, quietly came to an agreement with that gentleman's representatives and bought the entire flock. King recollected with dismay that he had recommended the purchase of Macarthur's sheep at £2 : 10s. per head, with an extension of the bargain to cover the increase of stock between the time of offer and the conclusion of sale. In great perturbation he penned an excitedly ungrammatical despatch to the Under-Secretary: "But Captain Macarthur has thrown a great objection in the way of Government making that purchase, as he has not only purchased up 1400 sheep within a few days before he embarked, and several head of cattle, in addition to the great number he had before, which he has signified his determination of being considered as included in his proposals at the prices stipulated—*i.e.* £37 a head for the cattle, and £2 : 10s. for the sheep, including those he has lately purchased. The present price for cattle, according to contract with Mr. Campbell, is £28 per head for the cattle, and not more than two pounds was given by Captain Macarthur for the 1400 sheep he purchased lately, with 1000 acres of land included. He has also informed me that supposing I am authorised to make the bargain for the stock contained in the proposals, and should choose to take to myself the responsibility of purchasing the great quantities of stock he has since purchased and its increase, that nothing can be concluded on until he is informed thereof from this country, and until his answer is received, which would consume at least two years before the bargain could be closed, at which time I have no doubt but that the price of cattle and sheep will be reduced one-half; but according to his proposals he is to be paid £37 a head for his cattle, when they may not be worth more than £20 a head; £2 : 10s. a head for the sheep, when they may not be worth more than £1 : 10s. This, calculating the common increase of the stock, will occasion a demand of at least £19,000 on the public. Such is the compound

interest Captain Macarthur doubtless has in view from the line of conduct he has pursued on this occasion, which compelled me previous to his departure, and before the receipt of His Grace's last despatch, to relinquish any design of treating any further on behalf of the Crown for his extensive concerns on my own responsibility." In his eagerness to avoid delay, King sent by a different ship a second despatch to the same effect, a missive that he evidently wrote with his brain seething and his teeth clenched hard. And Macarthur, resentful but calm, was sailing over the sea with samples of wool in his luggage. On his arrival in England his "impudence and basilisk eye" worked wonders as usual, for the case against him appears to have fizzled out, and the Governor was severely reprimanded for the irregularity of his procedure. The wool-samples carried by Macarthur were submitted to a committee of manufacturers and caused considerable excitement. Up to this time the production of fine wool had been confined chiefly to Spain, and consequently the English woollen manufactures were carried on upon a limited scale. This was further restricted by the action of the workmen, who were jealous of the introduction of new hands, an obsolete statute of Queen Elizabeth being disinterred to prohibit woollen manufacturers from employing any operatives who had not served a regular apprenticeship. The Committee of Manufacturers pointed out that a similar act, for the protection of workers in the cotton manufactories, had been repealed because it was found antagonistic to the best interests of commerce and common justice. The workmen replied with what appeared to be an unanswerable argument: cotton, they said, was an article of unlimited production, but no expansion was possible for the woollen trade, because Spain was the only country where fine wool was procurable. Just when the controversy had proceeded so far, Macarthur entered on the scene with his samples.

Prior to his quarrel with Paterson, Macarthur had induced Governor King to send eight fleeces to England

for the inspection of Sir Joseph Banks, President of the Royal Society; but though this wool was favourably commented upon at the time as giving promise of good progress, Sir Joseph was not greatly impressed. In fact, his personal knowledge of the colony seems to have prejudiced him against Macarthur's schemes, and, when appealed to as an authority by the Office of Trade, he pooh-poohed the idea of a wool-producing Australia. With reference to the merino breed which had been introduced from the Cape, he wrote: "I have seen fleeces of this kind of sheep imported from New South Wales, the quality of which was equal to Spanish wools of the second or third rate piles, but I have not seen any equal to the best piles of old Spain . . . and believe that it has degenerated in that country as it does not in this. I have no reason to believe from any facts that have come to my knowledge, either when I was in that country or since, that the climate and soil of New South Wales is at all better calculated for the production of fine wools than that of other temperate climates, and am confident that the natural grass of the country is tall, coarse, reedy, and very different from the short and sweet mountain grass of Europe upon which sheep thrive to the best advantage.

"I have never heard of any luxuriant pastures of the natural growth of New South Wales at all fitted for the natural pasturage of sheep till I read of them in Captain Macarthur's statement, nor did I ever see such when in that country. I confess, therefore, I have my fears that the Captain has been too sanguine in his wishes, and gave a favourable report of the country, and that it will be found on enquiry that sheep do not prosper well there, unless in lands that have been cleared and manured, with some labour and expense.

"I have been informed that the freight of wool from Spain to England costs from 1d. to 1½d. a pound, on account of the great bulk of the article, a ton weight, or 80 rods of wool, taking up much more room than 40 cubical feet, or a ton of shipping. What the freight of a

ton of wool from New South Wales will be I am not able to ascertain, but it will certainly add very materially to its actual price when brought to market.

“From what I have stated above, you will easily conceive that I am not inclined to advise their Lordships to recommend any special encouragement to be given at present, either by grants of land or the sending out of shepherds, to perfect what as yet is a mere theoretical speculation.”

Banks's confident opinion as to the character of the pasturage of New South Wales was based on the very casual acquaintance with the country in the neighbourhood of Botany Bay, which he obtained when with Cook's expedition in 1778, supplemented, it is true, by a close correspondence with the colonial authorities dating back to the foundation of settlement. Macarthur, on the other hand, was in a position to speak from a wider knowledge and a ten years' residence. He employed his time in England endeavouring to awaken an interest in the possibilities of Australian wool-growing. He eulogized the country, the climate, the natural herbage, and in one of his letters declared that “the tracts of land adapted for pastures are so boundless that no assignable limits can be set to the number of fine-woolled sheep which may be raised . . . with but little other expense than the wages and food of the shepherds.” This is the language of enthusiasm if not of exaggeration, for Macarthur knew nothing of the country beyond the mountains, and as regards the “boundless tracts,” the settlers were already beginning to feel cramped in the restricted spaces between the mountains and the sea.

A very strong case was made out for a trial of the experiment of breeding fine-woolled sheep, and a very effective ally as against Banks was the enthusiasm of the manufacturers, which Macarthur's busy energy did not allow to flag. The clothiers poured in memorials from almost every part of the Kingdom, praying the Government to lend its support to the new enterprise, and expressing

a conviction that the cultivation of fine wool in New South Wales would soon render the English manufacturers independent of Spain. Macarthur was examined before the Committee of the Privy Council for Trade, and, after he had given an account of his experiments, was asked what he conceived to be "the best mode of encouragement to be held out to the settlers with a view to promote the breed of fine-woolled sheep." He replied, "To feed the inhabitants on mutton rather than on provisions sent from this country, and to give a small additional price on the carcasses of sheep of the pure Spanish breed, and grants of land to those who are inclined to engage in the breed of fine-woolled sheep." Ex-Governor Hunter corroborated his evidence, and stated that he had no doubt that any offer made by Captain Macarthur, who "had been very industrious in improving his flock," would be worth attending to. The "offer made by Captain Macarthur" was quite definite—he was anxious to devote the whole of his time to the supply of wool for the English market, and was willing to bear all risks, but, though he asked no pecuniary aid, he begged that the Government would facilitate his plans by giving him thirty assigned servants to act as shepherds, and permission to occupy 10,000 acres of unoccupied lands to feed his flocks. He undertook to select the land ten miles from any settlement where there was cultivation, and was willing, in return for the indulgence, to supply the public with all the sheep it might be proper to kill, at a stipulated price, thus relieving the colonial Government of the expense of importing salt meat in large quantities. In reply to the criticism of Sir Joseph Banks, he stated that when he left Port Jackson in 1801 his flocks consisted of more than two thousand sheep, the whole of which had been bred from about fifty ewes in little more than seven years; and by the returns that he had received of 1802, his flocks were increased to three thousand. He had not yet received any accounts of the year 1803, but concluded there must then have been about four thousand, a limit which the

proportions of his farm would not allow him to transgress. It was evident, then, that the climate agreed with the health of sheep. As for the wool, he explained that the samples he had brought over comprised "fleeces shorn from the sheep imported from the Cape of Good Hope, fleeces shorn from their progeny bred in New South Wales, and fleeces shorn from sheep of the mixed breed, whose dams bore nothing but hair or coarse wool. When these samples were shown to the most eminent manufacturers and merchants concerned in the woollen trade, they all concurred in opinion that the worst specimens of the mixed breed would be valuable here, and that *the specimens of the finest kind, bred in New South Wales, were much superior to the wool of the original sheep imported from the Cape of Good Hope*, and that they were equal to the very best we ever receive from Spain; indeed, some of the manufacturers declared the wool to be superior to Spanish wool in many respects, and that, if they could secure a sufficient supply, it would enable them to surpass all other countries in the manufacture of the best woollen cloths." To the objection that the cost of transport would be excessive he replied by expressing a conviction that in a few years millions of fine-woolled sheep might be bred in New South Wales, and quoting the proposals of eminent shipowners that, in large quantities, the wool could be carried to England at no greater freight than 3d. per lb. in time of war and 1½d. in peace. To criticisms of the native pasture he reasserted that all the sheep bred in the colony had been reared in the "woods" upon the natural grasses, and explained that "those grasses are in all seasons rich and abundant, and when they become too rank they are burnt off, and are almost immediately succeeded by a younger and sweeter herbage, which the sheep greedily eat and keep bare." He expatiated upon the natural advantages of the bush for the breeding of fine-woolled sheep, and gave the names of responsible witnesses who would corroborate his evidence.

Sir Joseph Banks admitted that encouragement of

Macarthur would at least result in a good supply of butcher's meat for the settlers, but still shrugged his shoulders at the scheme of wool production. The Government was borne down by the weight of the evidence, but, nevertheless, was more disposed to approve of the plan if it were undertaken by a company than to entrust the affair entirely to the hands of one man. Thereupon the indefatigable Macarthur produced a formal "Proposal for establishing a Company to encourage the increase of fine-woolled sheep in New South Wales." The plan was fully discussed; the company was to be instituted with a capital of £10,000, the wool to become the property of shareholders, and the mutton to remain the property of the manager, Mr. John Macarthur. Government was applied to for grants of land, and Sir Joseph Banks recommended "that a grant be made of a million acres in such parts as Captain Macarthur shall chuse, at a proper distance from all settlements, for the sole purpose of feeding sheep, resumable at the will of Government, whenever any part of it may be appropriated to tillage or other purposes, on satisfaction being made for any stock-houses on the premises resumed, and an equal quantity of land granted at a more distant point, 100,000 acres at first and 100,000 more when 100,000 fine-woolled sheep are actually in existence on the first 100,000, and so on."

The scheme, for whatever reason, was never carried out, but Macarthur, having resigned his commission, returned to New South Wales as a private individual to devote his time and money to the development of his pet industry. With him he took an important addition to his flock. Just before his return it happened that a number of King George's stud merinos were sold, and he purchased seven rams and a ewe at a cost of about £112. The highest price realized at the sale was forty-two guineas for a ram sold to a Mr. Freeman. At the close of the sale, Sir Joseph Banks stated that the prices at which the sheep had been sold exceeded His Majesty's and his own expectations and wishes, His Majesty never having before sold a Spanish

sheep for more than six guineas. Next day, a writer in *The Times* expressed regret that the Australian colonist, who had spent so much of his money on sheep, had not first made himself acquainted with the laws which forbade their exportation. The law happened to be an unrepealed Act of Edward the First, and the penalty was cutting off the right hand and branding the forehead. Through the influence of Lord Camden a dispensation was obtained, and the animals allowed to leave. One ram died on the passage, and a second soon after landing. There remained "in a very healthy state" five rams and one ewe.

After an absence of more than four years, Macarthur reached his home in June 1805, where he found that his breeding flock had satisfactorily increased, under the careful supervision of his wife, and now numbered 3277 ewes. The flock was somewhat smaller than he had expected, but this was attributable to the necessity of killing and selling both males and females for want of proper assistance to tend them. He had brought from Lord Camden a letter to Governor King, in which that officer was desired "to have a proper grant of lands, for the pasture of sheep, conveyed to the said John Macarthur, Esquire, in perpetuity, with the usual reserve of quit-rent to the Crown, containing not less than 5000 acres. Mr. Macarthur," the letter continued, "has represented that the lands he wishes to be conveyed to him for this purpose are situated near about Mount Taurus, as being peculiarly adapted for sheep; and I therefore am to express my wishes that he may be accommodated in this situation.

"It will be impossible for Mr. Macarthur to pursue this plan unless he shall be indulged with a reasonable number of convicts (which he states to be not less than thirty) for the purpose of attending to his sheep, and as Mr. Macarthur will take upon himself the charge of maintaining these convicts, a saving will accrue to Government, and I doubt not you will provide him with such as shall appear most suitable to his objects. His Majesty's Government takes a peculiar interest in forwarding the objects of this letter.

I am therefore persuaded you will do everything in your power to promote its success, and I shall be obliged for all such observations as shall occur to you upon the subject, and may tend to forward an object so important for the colony."

King, impressed by Macarthur's added importance, gave him a cordial reception, immediately assigned him the stipulated number of servants, and allowed him to select and buy 100 of the finest-woolled ewes from the Government stock at the rate of £2 per head, payment to be made in grain. He demurred at first to the grant of lands which he had fondly hoped to retain as pasturage for the wild herds of cattle ; but, after some correspondence, Macarthur was allowed to occupy 5000 acres at the Cow pastures on condition that he should resign the grant if Lord Camden were to disapprove of his retaining it, and that meanwhile he should take no cattle across the Nepean except such as were needed for labour, and should do everything in his power for the preservation of the wild cattle. Apparently the British Government approved of his retention of the estate, for we know that Governor Macquarie gave instructions to the Surveyor-General "to measure 4368 acres for John Macarthur, Esq., in payment of merino rams, etc., sold by him to the Government." The number of rams exchanged for land on this occasion was made at the rate of 14 acres for each ram, which was a fair price at that period, for the price of rams had advanced rapidly. There was much jealousy and discontent among the other settlers at what was considered the undue favouritism shown to Macarthur, and to this day the belief is prevalent that enormous tracts of land were presented gratis to a man who had merely happened to bring a few sheep into the country. But all attempts to belittle the work done by this untiring colonist must defeat themselves. As Dr. Lang has well said : "The peculiar adaptation of the climate of New South Wales to the constitution and habits of fine-woolled sheep, and the capabilities of the colony for the production of that valuable article of export

to any conceivable extent, would doubtless have been discovered sooner or later by some other inhabitant of the colony, even if they had not been ascertained and demonstrated by Mr. Macarthur: but this possibility does not in the least detract from the merit of that gentleman as a real benefactor of his adopted country; for the very same remark is applicable in the very same manner to the noble invention of Guttenberg, and the splendid discoveries of Columbus."

Two or three months after the return of "the hero of the fleece" the Governor directed Edward Wood, accompanied by Samuel Marsden, to make an inspection of the flocks of the colony. It was found that there had been a marked improvement, even in instances where the proprietor had paid no attention to the matter. And wherever the sheep-owners had shown any care in the crossing of their flocks, the improvement in the wool was incredible. In his report, Marsden attributed the favourable change already made, "both in the fleece and make of the sheep," to "the mildness of the climate and the richness of the pasturage." He added that, though "the ignorance or inattention of the proprietor or their servants" may cause damage in the flocks, "sheep can never suffer in New South Wales for the want of food or the severity of the weather, as they do in colder climates." Wood, a professional wool-sorter who had been brought from London by Macarthur, reported that he was satisfied "that with due care and attention to propagate from the pure race of Spanish sheep, until sufficient numbers of them can be raised, or from the nearest kind to them that can be procured, the whole of the wool would, in a very few years, become equal in quality to the very best that is obtained from Spain." He expressed regret, however, that this consummation was being retarded by the prejudice in favour of weight of carcase, and the consequent preference for a Southdown cross-breed. There were several breeds of sheep in the colony at this time, including the Teeswater, and Marsden was introducing rams of the Leicester and Lincolnshire

breed. Of Macarthur's flock of more than five thousand, sixty were pure Spanish, and the whole were much improved in the quality of the wool. He had tested all the breeds in the colony, and found that with respect to constitution, size, and aptitude to fatten, the Spanish surpassed them all.

When Macarthur returned to the colony in 1805 he was accompanied by several settlers with capital, whom he had induced to engage in wool-growing, and after their arrival the business at once took on the appearance of assured success.

Mention has been made elsewhere of the attempts to establish the cloth-making industry in the colony, but it was not to a colonial manufacture that the wool-growers looked. They hoped to provide wool for the English manufacturers, whom the Napoleonic wars had made anxious for a fresh source of supply. In 1807 several ships called at Sydney with orders to buy as much wool as could be obtained, but there was scarcely any suitable, not more than 524 lbs. being procured at that time. Luttrell, a surgeon and settler, reviewing the state of the colony, said, "There is not a good fleece in the country, and it will be many years before the hair is totally obliterated." But this confident prediction was soon falsified. Macarthur sent samples of wool to England constantly, and in 1808 he learnt from his son that a sample which had been sent, though damaged on the voyage, would make good cloth. In 1810, when Macarthur was himself in England, he wrote to his wife to send over by every opportunity what wool she could, and to pay the most watchful attention to improve the flocks.

In 1803 the whole of the sheep in Australia numbered 10,157; in 1810, shortly after the arrival of Macquarie, their number had risen to 25,888; and in 1813, when the sheep numbered about 50,000, it was considered that all the grazing land of the settlement was occupied. Fortunately, a way across the mountains was then discovered, and many settlers established themselves in the fertile plains around Bathurst. In 1821, when Macquarie re-

turned to England, the sheep had increased to 290,188, showing a yearly average increase at the rate of 23·4 per cent. Wool was exported to England in 1810 in fairly large quantities, and from 1814 to 1820 from 60,000 to 90,000 lbs. of wool were exported annually, the total import into England at that time being 9,750,000 lbs.

In 1824 two large gold medals were presented to Macarthur by the Society of Arts "for importing into Great Britain wool, the produce of his flocks, equal to the finest Saxony."

The subsequent history of Macarthur's flock is not without interest. At its maximum it numbered about 400 ewes of the first class and 500 of the second class. It was preserved at Camden Park for many years, until sheep-breeders from Victoria offered very good prices for it, and Macarthur's sons, who found that for some obscure reason the soil of the Cow pastures was not as suitable for sheep as it had been, decided to sell. Accordingly, the flock was dispersed in 1858. The value of the breed was fully recognized, and was not allowed to deteriorate. Years afterwards, William Campbell, into whose hands some of these sheep had fallen, sent a number of pure ewes and a ram to Sir William Macarthur at Camden Park, and there a small flock is still preserved in its original purity, and it is curious that it does not seem to have suffered from its prolonged in-breeding.

Although John Macarthur, and he alone, is to be honoured as the founder of the Australian wool industry, there were others who lost little time in following in his footsteps. That their efforts were not supremely effective until after Macarthur's triumphal return from London is clear, for Wood, the sorter, was able in 1805 to found his highest hopes only upon "the specimens of wool grown in Mr. Macarthur's flock, and from one ewe belonging to the Reverend Samuel Marsden." Marsden was an enthusiastic breeder, but fine wool did not engross all his attention. In a report to Governor King in 1805 he has set down his aims and methods very distinctly: "For the

last seven years I have paid particular attention to the improvement of my own sheep, and at the same time have minutely observed the flocks of some gentlemen. The main object I have constantly kept in view (as an individual) has been to improve the constitution of the sheep, the weight of the carcases, and the quality of the wool. Upon this general principle I have acted, without attending to any one of these things separately. In order to carry my plan into effect as far as local circumstances would permit, I have selected all my best male lambs every year, such as promised to be hardy in their constitution, weighty in their carcase, and fine in their fleece. These lambs when weaned have been kept separate from my breeding flocks till they were old enough to put to the ewes. Choice was then made of such as appeared to me to possess the above qualities. I have not always chosen a ram with the finest fleece to breed from ; any one that has appeared deficient in weight or constitution has generally been rejected, though his fleece might be of superior quality.

“ One true-bred Spanish ram and ewe, with four half-bred Southdown rams, have been the sheep that have improved my flock very far beyond my expectations, both in beauty, constitution, weight, and fleece. As far as my own observations have gone, I have always considered the pure Spanish breed much more delicate in their constitution and lighter in carcase than the produce of ewes crossed with the Spanish or half-bred Southdown rams. . . . With respect to my own flock it is my intention to follow that system I have hitherto done, being persuaded that it will contribute more to my present interest than any alteration would do.” In the opinion of King, Marsden was “ the best practical farmer in this colony.” Specimens of wool grown by him in 1804 may be seen at the Technological Museum, Sydney. In 1808 he sent a bag of his wool to his nephew, a hosier in Leeds, but it was very dirty, and the Leeds manufacturers were extremely shy of it ; nevertheless it attracted the attention of one important firm, with the result that for some years they were extensive

purchasers of New South Wales wool. At his death his sheep were sent to the Bathurst district, but it is uncertain what became of them thereafter.

Another pioneer whose name deserves special mention was Captain William Cox, Paymaster of the New South Wales Corps, who settled at Brush Farm, where he had purchased 1380 acres and carried on extensive farming operations. There he reared a number of sheep, though it seems likely that his previous experience in this line was small. We are told that he "made purchase of a flock of sheep from Captain Macarthur. They were old rotten ewes of the Bengal breed. He paid £3 a head for them." Some time later he took up his abode at Clarendon, near Richmond. In 1814 he undertook to construct a road across the Blue Mountains, and upon the successful conclusion of the work he was granted 2000 acres of land at Mulgoa. There his son bred sheep extensively until the land showed signs of exhaustion, whereupon the flock was removed to Mudgee. His grandsons worked up one of the best flocks of Saxon merinos in the state, and the Mudgee sheep are famous to-day as yielding some of the best wool the country produces. .

VIII

THE INDUSTRIES OF THE PERIOD

AGRICULTURE

AGRICULTURE was naturally the industry to which the English authorities and the Governors first turned their attention. To the former, agricultural development seemed to mean some relief of the heavy financial burden which the support of so distant a dependency entailed upon England, and to the latter the secure food supply which the colony so badly needed. The country was, on the whole, densely wooded ; much of it was rocky, and good land was found only in patches. Nevertheless, immediately upon his arrival, Phillip set about clearing land for cultivation, and within six months of his debarkation he was able to report that he had ten acres of land in wheat and barley for the public use. Very little of the seed planted germinated, the bulk of it having been overheated on the voyage, while some had been attacked by the weevil, and thus the first effort at farming proved almost a complete failure. To add to his troubles, Phillip had but one man with any special knowledge of agriculture. On the advice of this man, the Government farm was transferred to Rose Hill, near Parramatta, where the land was much more fertile than at Sydney, and in December 1789 the first crops were gathered in Australia, comprising about 200 bushels of wheat and 60 of barley, with a small quantity of flax, Indian corn, and oats. The grain was found to be of "exceeding good" quality, and great hopes were

entertained as to the future. Unfortunately, the season of 1790 was extremely dry. Scarcely any rain fell from July 1790 to August 1791; the crops on the public land did not return three times the quantity of the seed which had been sown.

Despite the failure of two harvests out of three, Phillip did not despair. He could see from the character of the country, the growth of vegetation, and other signs, that there was ordinarily abundant rainfall for purposes of agriculture; he saw also that, if agriculture was to succeed, it was necessary that those who superintended the convicts should have a personal interest in the result of their labours, and in 1791 he made various grants of land for the purpose of encouraging cultivation. The first grants were four farms, comprising 190 acres in all; three of these farms were given to men who had arrived free, and one to a convict whose time had expired. The principle of granting land without charge having been established, the Governor proceeded to make grants to all eligible persons who applied to him, and by the end of 1791 over one hundred and fifty persons were put in possession of farms, and on every one of these, as well as on the large Government farms, cultivation was attempted, but of systematic farming there was very little. Some of the free settlers who had arrived were men of an excellent type, but the convicts could not be induced to take an interest in their work, and their labour was very inefficient. The usual method of preparing the ground was for the settlers to cut down the trees, without grubbing up the stumps, burn off the undergrowth, and turn up the ground with spades and hoes. Until 1806 the use of the plough was rare in the colony; this was due partly to the state of the ground and to the scarcity of draught animals, but chiefly to the ignorance of the cultivators, who did not know how to use a plough. The holdings were unfenced, the crops unweeded and mixed with wild oats and drake, which the imperfect threshing and milling the grain afterwards received did not remove, and much of the flour made

was consequently unpleasant to the taste and unwholesome. The crops were reaped with sickles and carried on the backs of the men to the stacks. This was done on Government farms even as late as 1806, when horses and carts could readily have been obtained. The ineptitude of the first settlers may be surmised from the fact that though the country afforded much excellent timber, the farms were as a rule without barns or storehouses of any kind even as late as the year 1800. In years of plenty there was no place to store the surplus corn, and it was wasted most recklessly. The farmhouses and buildings were of the rudest description. Usually they were two-roomed huts, with wattled walls, an earthen floor, and a roof thatched with grass or rushes. The early settlers did not know how to use an excellent material, ready to their hands in the great sheets of bark from the stringy bark tree, which have since been employed so much in bush-building.

In spite of the drawbacks and the occurrence of some disastrous seasons of drought and flood, the area under cultivation was gradually extended, especially when Grose—abandoning the policy of Phillip in favour of the small settler—granted land in considerable areas to the military officers, giving them at the same time a large amount of convict labour. The change was apparently justified by its results. After years of scarcity bordering on famine, more corn was grown in 1795 than could be consumed, and the same happened in subsequent years. This was satisfactory from the point of view of the local government, as, the fear of famine being removed, the general development of the settlement could be proceeded with. The Home authorities found that the independence of the settlement in the matter of its grain supply brought no relief to the English Exchequer, and from their point of view it was unsatisfactory that the public land should be allowed to go out of cultivation, and the State-maintained labour of the convicts diverted almost entirely to private uses. There was an economic objection also not without weight with the authorities; it was found that the large

settlers prospered, while those with small farms did not. Indeed, nothing else could be expected, as it was with difficulty that the small settlers could procure any labour to work their farms. They were in a condition of such poverty that they almost envied the life of a convict still in servitude. On King's arrival he found many of the small men had sunk so deeply in debt that they had been obliged to part with their farms, and were working with the assigned servants on the farms of the officers and large settlers. King, finding the settlement producing more corn than was required for consumption, lowered the price for wheat received into the Stores from 10s. to 8s. a bushel. There was immediately a reduction in the area under grain, and this, with the destruction of crops caused through a high flood in the River Hawkesbury, so shortened the supply that it was necessary to import flour. King then re-established the Government farms and devoted a large area to wheat, but the absence of a personal interest in the working of the farms was a great drawback to their success, and though they were maintained for some years longer no great dependence was placed upon them, and Macquarie, shortly after his arrival, directed that they should be closed.

The crops cultivated were chiefly wheat and maize, with a little oats and barley and some potatoes and other vegetables. In spite of the excellent opportunities afforded by the climate, and the suitable soil found when settlement extended beyond the immediate vicinity of Sydney, gardening was neglected except by the few. Those who had the enterprise and industry to devote land to gardening were amply repaid. They were able to grow almost all the ordinary English vegetables, and fruit trees flourished. All the English fruits, and some, such as grapes, which required a warmer temperature, grew in abundance. The settlement had been established only six years when Captain Macarthur was able to describe his garden at Parramatta as full of vines and fruit trees, and abounding in the most excellent vegetables. Very few, how-

ever, of the settlers imitated Macarthur, who, whatever might have been his personal faults, was never wanting in enterprise and resource. Taken as a whole, agriculture throughout the period was of a primitive description, with some few estates highly developed and illustrating the great possibilities of the soil and climate.

STOCK-RAISING

The business of stock-breeding began as inauspiciously as that of agriculture. Phillip took out with him in the First Fleet a few rams and pigs from England, and he procured some horses, cattle, sheep, and goats from the Cape. Some of these died on the voyage, and of the rest the greater part died after their arrival in Australia. Phillip urged on the English authorities the need for sending him a large supply of stock of all kinds, but little attention was paid to his requests. King returning from England in 1791 brought a further supply from the Cape in the *Gorgon*, but even when this had been received the stock of the settlement comprised only 4 horses, 18 cows, 57 sheep, and 37 pigs. In 1792 a purchase of stock was made at Calcutta, consisting of two bulls of the buffalo breed, some cows, sheep, and goats; but when he left Sydney at the end of the year, Phillip reported that the period at which the colony would support itself with animal food was then as distant as when he first landed. Further supplies of cattle and sheep were brought from India in 1793 and 1795, and a number of horses from the Cape were also procured in the latter year. When, under Grose, the officers became possessed of fairly large grants of land, they began to take an intelligent interest in stock-raising, more indeed than in agriculture, which required more labour and skilled supervision. The Government did not, however, abate its interest in the pastoral industry, especially in cattle-rearing, and frequently added to the stock of the settlement from England and the Cape of Good Hope. In 1795 a herd of cattle numbering about

sixty was discovered beyond the limits of settlement. These were the progeny of two bulls and four cows that had been lost in 1788. The greatest care was taken to preserve this herd, and the Governor went so far as to threaten with the death penalty any one who should be found killing any of them. In 1801 there were 1200 cattle in the colony sprung from Cape cattle and the small buffalo breed from Bengal, with a slight admixture of English and Andalusian blood. Although considerable progress had been made with cattle-breeding, the slaughter of cattle for food was strictly forbidden. Salt beef sent from England, and pork, still constituted the animal food of the colonists. Towards the end of 1802 the regulation against the slaughter of cattle was so far relaxed that it was possible to buy fresh beef at about 3s. a pound. The success of the cattle-breeding industry may be considered as thenceforward assured. In 1804 a General Order was issued authorizing the hire of oxen belonging to the public herds for ploughing at the rate of 10 bushels of wheat a year, and their sale for 70 bushels; cows were also offered at the same price, but purchasers were not permitted to resell except with the consent of the Governor. As wheat was received at the public stores at the rate of 8s. per bushel, the price of cattle may be taken to have been £28 per head as compared with £80 demanded in 1799.

In 1805 stock-farming received a great impetus by the arrival of a few settlers well acquainted with the cattle industry; among these were the two Blaxlands, who brought with them a considerable amount of capital. In March 1810, shortly after Macquarie arrived, the horned cattle in the settlement numbered 12,442; when he left ten years later the herds numbered 102,939, so that the annual increase was at the rate of 20·5 per cent. Although the increase of cattle was so rapid, the numbers were carefully guarded, and in 1809 Bligh was under instructions to keep a careful eye upon the live stock and prevent undue slaughtering: this had reference mainly to breeding animals. In 1810 salt beef was still being imported, but

in a year or two thereafter the settlement was independent of outside help in the matter of meat supply. In 1814 cattle became comparatively cheap, and it is on record that a herd was sold at £8 per head.

Horses thrived in the settlement from the beginning, although their number increased very slowly. Phillip took out with him seven horses of English breed, and a few Arabs and Persians were afterwards obtained from India, but a heavier type being desired, some strong English horses were introduced, which greatly improved the breed. In 1800, that is to say, twelve years after the establishment of the colony, the horses numbered only 203. In 1806 the poorest class of animal was worth £80 to £100, and though the price fell considerably, horses were not used for draught work or ploughing until a much later period, their place being taken by oxen. In 1810 the number had increased to 1134, and in 1821 to 4564.

THE TIMBER INDUSTRY

The existence of large quantities of timber in New South Wales and Norfolk Island was well known even before the colonization of the country was decided upon. Captain Cook had described with great enthusiasm the immensely tall pines of Norfolk Island, which he thought would prove very suitable for naval purposes, and Phillip's instructions contained a direction to reserve to the Crown all timber fit for naval purposes on lands he might grant to settlers. The pines of Norfolk Island grow remarkably straight and the full-grown trees attain a height of 180 feet, but the timber was found not to be suitable for masts though serviceable for general building purposes. A number of sawyers were set to work, and planks, beams, and joists in considerable quantities were sawn and used for buildings both on the island itself and at the main settlement, and several small boats were built within the first two years of settlement on the island. In the country adjacent to Sydney the principal trees met with were

various descriptions of eucalyptus and a species of red cedar. The eucalypti all yield hard and heavy timber, and as the early settlers had neither the tools nor the knowledge requisite for working the wood to advantage, they naturally reported against its commercial utility, but the cedar appeared to them to be excellent. Some specimens of timber were sent home to the Admiralty Dockyards by the *Gorgon* in November 1791, but there was no real export until 1795, when the *Experiment* took a cargo of cedar and hardwood to India in the hope that a valuable trade might thus be opened up. Hunter recognized the worth of the timber, and in 1795 he issued a General Order to restrain the reckless waste which had been common, especially of the cedar, in the brush forests along the banks of the Hawkesbury. Always mindful of the possible requirements of the Royal Navy, he directed that no trees should be cut down except on the lands allotted to settlers, and even on these lands, timber which could be used for naval purposes was reserved to the Crown. After his retirement in 1802 he wrote to Under-Secretary King, relating his experience of the excellence and durability of the wood, and considerable quantities were brought to England for use in the dockyards, where the Australian hardwood was found to be superior in many ways to any other wood readily procurable. The export of timber became fairly considerable, and in 1803 King spoke of it as the only staple of the colony. The inland forests could not be exploited on account of the absence of all means of transport, but numerous saw-pits were established on the inlets of Port Jackson, along the banks of the Hawkesbury, and later at Newcastle on the Hunter, where convicts were engaged cutting timber as well as in mining coal. Occasional cargoes were shipped to India, and in 1809 timber to the value of £1500 was sent to that country in part payment for a return shipment of rice. The presence of so much valuable timber would in ordinary circumstances have led to the establishment of shipbuilding yards. Vessels were built for sealing purposes as early as 1791, but

the presence of craft capable of going to sea was considered a menace to the safe-keeping of the convicts, and the Governor forbade boats being built of greater length than 14 feet. This restriction was removed by Hunter, who, in 1798, reported that he had "taken the liberty to lay down the keel of a small brig for the purpose of keeping up the necessary intercourse with Norfolk Island," and in the same year he permitted a vessel of thirty tons to be built to procure seal skins and oil in Bass Straits. In consequence of the success of these craft Hunter gave his approval to the building of others. Campbell built a vessel of 130 tons for the whale fisheries, but a still larger one of 185 tons, named the *King George*, was launched in April 1805. There was considerable activity, especially in boat-building and repairs, during the whale-fishing period, but the stoppage of the fishery in 1810 was a serious blow to the industry, which nevertheless was kept alive even to quite recent times.

THE WHALE FISHERIES AND SEALING

In the year 1791 a number of whaling vessels, originally destined for the west coast of South America, went to work on the coast of New South Wales, where large numbers of spermaceti whales had been observed. This was the beginning of what was for nearly sixty years, with slight intermissions, an important Australian industry. By the colonists the establishment of whaling was welcomed both as providing a possible article of export and as a means of obtaining more frequent communication with England, but Phillip feared that the whalers would carry off large numbers of the ex-convicts and probably the few carpenters and seamen whom the colony possessed. The whalers did not visit New South Wales regularly for some years after their first essay; they preferred the American coast, where some of them added privateering to their professed objects, for which the coast of New South Wales offered no prospect. In 1799 a determined effort was made to

test the qualities of the new fisheries, nine ships being sent from England for the purpose. This fleet was, however, not well equipped, and some of the vessels belonging to it were obliged frequently to put into Port Jackson for repairs, but two of them returned to England before August 1800 with cargoes respectively of 120 and 170 tuns of spermaceti oil. This was considered a sufficient inducement for English adventurers to embark regularly on the enterprise, and Messrs. Enderby and Champion, the two persons principally interested, informed the Government in England that "after many years of fruitless and expensive attempts" they had ascertained that a valuable spermaceti whale fishery existed off the coast of Australia. The trade grew and became prosperous, and in 1803 there were nine ships at work employing about two hundred and seventy men. In that year, 750 tuns of sperm oil were obtained and sent to England. The black right whale and the sea-elephant were also hunted, and though the oil yielded by these was not so valuable as that of the sperm whale, it was an important addition to the cargo of the whalers. The black oil was obtained chiefly off the southern coasts of Van Diemen's Land, for the right whales came up the Derwent in shoals. The enterprise was at first confined entirely to English and American adventurers, but it was not long before the colonists themselves engaged in it. The restriction in the size of the vessels which the Governor permitted to be built at first greatly hampered operations, but when Hunter relaxed the regulations and gave permission for the building of more suitable boats, a good deal of attention was at once directed to the fisheries. The colonial boats were engaged chiefly in the right whale fisheries, and brought the black oil to Sydney, where it was stored until an opportunity offered of sending it to England. Returning transports were utilized for carrying the oil to England, and in 1805 the *Lady Barlow* took back a full cargo of elephant oil and seal skins. This was looked upon as a breach of the privileges of the East India Company, and as soon as the vessel arrived in the Thames,

its cargo was seized by the Customs officers and the Company's officials, and four months elapsed before it was allowed to be sold, and then only for exportation. This decision was a great blow to the whaling industry as carried on from Sydney, and to British whalers generally, for while the East India Company received no advantage from the restrictions imposed, the trade fell into the hands of the Americans.

In many ways the monopolist privileges of the East India Company and the South Sea Company were found to be inimical to the progress of the struggling settlements in Australia. No private trading could be carried on between England and Australia as the latter came within the limit of the East India Company's Charter, so that English ships desirous of engaging in whaling were obliged to go out in ballast. This gave a great advantage to the American ships, which were under no such restriction. The local whalers had perforce to put up with the disabilities, but the English shipowners protested and applied for permission to carry on a trade with the colony, undertaking under bond that the goods they carried should be landed and disposed of within the colony, and not carried to the East in detriment of the monopoly of the East India Company. After some demur this concession was granted, with the further proviso that the ships were to sell their cargoes at such prices as the Governor of the colony should direct.

The principal advantage the colony derived from the fisheries during these years was from the employment on shore arising out of the building and repair of vessels and boats; it is estimated that the number of men employed either directly or indirectly amounted to four hundred, which was a considerable element in the wage-earning population of the settlement. Early in the year 1810 the colony received the news that a duty of £20 per tun had been placed on all oil, the produce of the South Seas, procured by colonial vessels. For the time being this put an end to the fisheries, which did not revive again during this period of the colony's history. Macquarie made

several well-intentioned representations to the English Government, but no heed was given to them, in spite of the fact that the oil was procured by British subjects and sent to England in English ships.

Seals were numerous at various points along the coast and the adjacent islands, and as early as 1791 two of the whaling ships then at Port Jackson were sent along the coast to the southward in search of seals, but they were unsuccessful. Towards the close of the following year the whaler *Britannia* left a number of men on the coast of New Zealand in order that they might search for seals in the archipelago of Dusky Bay; they obtained 4500 skins by the following September, a number smaller than had been expected, but large enough to show the possibilities of the industry, and sealing was continued off the New Zealand coast by small vessels built at Sydney. In 1798 Bass discovered that seals were numerous on the islands on both sides of Furneaux Island, and in the following year Flinders reported their existence on the other islands in Bass Straits. In 1799 the *Nautilus* and another vessel were engaged in seal-fishing on these islands, which became the principal sealing-grounds. In 1804 King reported the great success which had attended the sealing in Bass Straits; one individual had 20,000 skins, most of which were sent to England. The method adopted by the boats engaged in sealing was to carry gangs of men to the spots frequented by the seals and leave them for some weeks to prosecute their work. These men were usually convicts, and the sealing was not carried on with great discretion. In 1803 the fishing at King's Island in Bass Straits had become difficult on account of the way in which the seals had been harassed, and in 1807 Luttrell stated that nearly all had been destroyed on the southern islands of the coast, or else had abandoned their former haunts, and that it was necessary to go farther in order to discover a fresh source of supply.

The seal skins were at first used in the colony for shoe leather, but a more profitable market was found in China,

where they sold at 4s. to 5s. 6d. a skin. The Chinese market, however, became glutted owing to the large supply from the North Pacific fisheries, and subsequently most of the Australian skins were sent to England, where the price ranged from 6s. to 14s., the skins being largely in demand for hat-making. But in 1810 the price dropped, owing to the large supplies coming forward, so that from 5s. to 8s. was all that could be obtained for a skin. Seal oil, of which considerable quantities were obtained, sold in England at prices ranging from £35 to £40 a tun. In August 1804, King estimated that sealing occupied 123 men directly, exclusive of the shipbuilders, artificers, and labourers, whose employment was ancillary to it, and a few months later when there was a lack of men for agricultural employments, he attributed it partly to the numbers engaged in the seal and whale fisheries.

From a return made in 1806, it appears that the seal skins taken between November 1800 and August 1806 numbered 133,471, of which 118,721 were taken by colonial vessels, the remainder being the take of the South Sea whalers, who for lack of their proper employment occasionally engaged in sealing. In 1811 it was discovered that Macquarie Island was an excellent sealing-ground. Gangs of men were stationed there, and in the first season more than 100,000 skins were procured. Owing to the reckless way in which all the seals, including the pups, were killed, the fishery was spoilt rapidly, in the season 1814-15 the number of skins collected did not exceed 5000 or 6000, and a few years later the industry ceased to be of any particular importance.

COAL-MINING

Coal was first discovered in Australia in the year 1797, near Mount Keira in the Illawarra district, by a man named Clark, supercargo of the *Sydney Cove*, while he was endeavouring with some companions to reach Sydney by way of the coast after the wreck of his vessel in Bass

Straits. Bass was sent in the *Reliance* to examine the locality indicated by Clark, and on his return reported that there was a seam of coal six or seven feet in thickness beginning at a point about twenty miles to the south of Botany Bay and running thence southwards, and exposed along the sea face for several miles. The place was, however, very difficult of access as there was no inlet or river up which boats could go, and no attempt was made to utilize the discovery. A little later in the same year a further find was made about sixty-five miles to the northward from Sydney, by Lieutenant Shortland, who had been sent in pursuit of some runaway convicts. The coal was discovered on the banks of a river afterwards known as the Hunter. Owing to the distance from Sydney and the difficulties of navigating the river entrance, no attempt was made to form a settlement, although boats visited the place and obtained coal where the seams outcropped, and the cargoes were taken by vessels sailing for India. As soon as the Duke of Portland, who was then Secretary of State, heard of the discovery, he saw in it a means of lowering the expense of the colony to the Mother Country, and promptly ordered the storeships *Buffalo* and *Porpoise* to be used to take coal and timber to the Cape, exchanging their cargoes for live stock. These ships were not employed for the purpose as they were required for other services, but an export trade in coals with India and the Cape was begun on a small scale. The first transaction from which the Government derived any profit occurred in 1800, when the master of the *Cornwallis* bought forty-five tons at 45s. a chaldron; King reported this sale with considerable satisfaction, claiming "that the coal was the first natural produce of the colony that has tended to any advantage."

Boring plant and pumping engines had been sent out from England in 1799, but no coal miners. It chanced, however, there was a miner already in the colony; he, with a few other convicts, was set to work, and a small settlement formed. Excellent coal was obtained, but

owing to the lack of a skilled person to direct operations the work done was intermittent until in 1804 Lieutenant Menzies took charge of the settlement, which was then named Newcastle. At the suggestion of Lord Hobart, Newcastle was used as a place for refractory convicts, and mining was seriously attempted, although, owing to the want of skill on the part of the labourers employed, the amount of coal won was at first inconsiderable. There were a hundred persons at Newcastle in 1810, of whom sixty-nine were convicts employed in the mines. Throughout this period, and down to 1826, the mines were worked by the Government, and what was not required for public use was offered to private persons. For coal used in the colony, a duty of 2s. 6d. per ton was imposed in 1804; this was removed four years later owing, it was stated, to the high price of fuel, and it was ordered that no other charge should be made for coals at Newcastle than 10s. per ton, which was the estimated expense of receiving them from the mines.

FLAX, HEMP, WOOLLEN CLOTH, AND OTHER INDUSTRIES

In February 1788, when King was sent to establish a settlement at Norfolk Island, the small detachment he took with him contained two men who understood something of the manipulation of flax. A variety of this plant, *Phormium tenax*, grew in great profusion on the island, and extravagant hopes were founded on that circumstance. Phillip had confident expectations of being able to supply the settlement with all the rope and canvas it would require, as well as a considerable part of the clothing. The flax, however, proved difficult to work, and required different treatment from the European flax, and in 1790 Phillip sent to the island Andrew Hume as superintendent of convicts on account of his presumed knowledge of flax dressing. Hume was established at a place called Cascade with a number of the convicts, and in 1791 two specimens of cloth which had been made under his supervision were

sent to Phillip, with a request for looms, spinning wheels, and other necessary appliances. Nevertheless, the results were not satisfactory, chiefly because the proper method for treating the flax was not understood, and in order to learn a better method two natives of New Zealand (in which island the flax was used for clothing) were kidnapped in 1793 and taken to Norfolk Island. The captured men proved to be a chief and a priest, and were not able to give much information, as the manufacture was in the hands of the Maori women, but they gave what instruction they could, and it was of some service—"sufficient was obtained to improve upon," said King. The experiment was persevered in, and in 1796 there was a flax-house in operation with about nine women and thirteen men, the latter mostly invalids, employed in preparing and manufacturing the flax; but being short of many necessary tools and implements, they were only able to make a coarse canvas.

Seeds of the European flax were sent from England, and in suitable soil the plant grew well, yielding a fibre superior to the native article. The flax was grown principally on the banks of the Hawkesbury River, and in 1800 sufficient was obtained to warrant the manufacture of linen being undertaken. In September of that year King reported, "We are getting on very well in the linen way, but it is only a commencement, nothing of that kind ever being done before in this place." At the close of the year the *Porpoise* brought out looms and other necessary appliances. The weaver who was to superintend the manufacture was drowned on the voyage out, but two Irish convicts were discovered who understood the processes, and under their supervision the weaving was carried on with considerable success, though few of the convicts knew or cared to learn much about the industry. In the first twelve months there had been manufactured 279 yards of fine and $367\frac{1}{2}$ yards of coarse linen. In addition to the flax which was spun and woven in the factory, the settlers' families were encouraged to spin and weave it in their own homes, and in 1802 prizes of cattle and sheep

were offered by the Governor to those who manufactured most linen during the ensuing two years. The manufacture was mostly in the hands of women who worked in the wing of the gaol at Parramatta, euphemistically called the "house of industry." Nine looms were at work—two in the manufacture of fine linen, two of duck, one of sacking, and the remaining four were used for making hempen sail-cloth and woollens. About 100 yards of cloth valued at 2s. 6d. per yard were woven each week, and bartered with the settlers for wheat. But with all the enthusiasm of the Governor and the necessities of the settlement, the industry made little further progress. From 1804, the time just referred to, until the end of the period, linen continued to be made, but a proper staff of workers was never collected, and if such a staff had existed it could not have been kept together owing to the fact that only well-behaved convicts could be trusted with the work, and these generally secured their ticket-of-leave, after a short period of servitude.

There was also a small manufacture of hemp. This plant was not native to the colony, but a small quantity of seed had been brought from India in 1803 and planted in rich land on the Hawkesbury, where it flourished. It was thought of considerable importance, as it was needed for ropes and sail-cloth, materials likely to be much in demand should Sydney become an extensive whaling port, as was confidently anticipated. In 1807 Luttrell reported that it grew very well, and in 1809 Paterson, with the object of encouraging its cultivation, allotted 500 acres of land to a settler, and gave him permission to bring a number of natives from India or China who were acquainted with the processes of its manufacture. In 1804 two looms were at work upon sail-cloth, and in 1807 the *Buffalo* was fitted with sails made in New South Wales from the hemp grown there. The industry flourished for a few years and then gradually disappeared, the practical suspension of whaling in 1810 having contributed not a little to that end.

The possibilities of the manufacture of woollen cloth

from locally grown wool was first mentioned by King in 1800, when he drew the attention of the Home Government to some fleeces which Macarthur was sending to England. He asked for wool cards and other requisites for manufacturing, and these were sent him. In March 1801 a commencement had been made, but the undertaking languished, as in 1804 only two looms were at work. The wool was of a coarse description, and the workers ill qualified, and in these circumstances it is not surprising that nothing better than blanketing and coarse cloth was manufactured. The wool-growers took their wool to the factory at Parramatta, where it was worked up with the wool from the Government flocks, and one-fifth of its weight in finished material returned to them.

Other looms were set up under Macquarie's governorship, and the quality of the cloth improved with the improvement in the fleece, but for the same reasons as affected the linen industry the manufacture of woollens did not succeed. When there chanced to be a few convicts whose trade was cloth-weaving, some good work was turned out, but ordinarily the product of the looms was poor in quality and the output insignificant.

Besides the industries just enumerated, a number of smaller ones came into existence under the encouragement of the Governor. In 1806 a private individual set up looms and made cloth and blankets in small quantities; about the same time several tanneries were established, and hides and kangaroo skins were tanned and a boot factory set up. The boots made found ready sale, but were of poor quality, being too porous for use in wet weather.

The manufacture of salt was at first attempted by the State, but it passed afterwards into private hands, and in 1811 there was sufficient manufactured in the colony to do away with the need of importation. A manufacture of glass was begun in 1812. Hat-making was another industry which was carried on; the hats were made from seal-skins, and were probably equal in quality to the imported article.

IX

TRADE AND PRICES

DURING the whole of the first period trade was largely affected by the activity of the Government as a store-keeper, the regulation of prices by the State, and the trading privileges of the officers. At first the whole population was entirely dependent for food and clothing upon the Government Store, and this condition of affairs continued even after farming had made some progress. The greater part of the population received their staple supplies without any payment, but a Government shop was maintained for the purpose of supplying those not entitled to free rations with the necessaries they required, and of enabling those who desired something more than the barest necessaries to obtain what they needed.

The only ships that visited Port Jackson during the first five years of settlement were the convict transports and supply ships, sent by the English Government, and those sent by Phillip to buy stores in Batavia and Bengal. The only approach to private trade was the small quantity of goods brought out by the owners or officers of the transports as a speculation; thus in October 1792 the *Pitt* brought upwards of £4000 worth of goods for private sale. These goods were bought by the military officers of the settlement chiefly for their own use. In the same year the *Atlantic*, which Phillip had sent to Bengal for provisions, was also commissioned to execute various orders entrusted to it by the officers, and a little later Grose and the other officers of the New South Wales Corps chartered the

Britannia to make purchases for them at the Cape of Good Hope. Grose professed that the object of himself and his colleagues was to ameliorate the condition of the soldiers who, in common with the rest of the community, were ill supplied with food and clothing. Phillip, however, looked upon the matter as a trading venture, but in the circumstances felt powerless to interfere. This was the first trading enterprise of the officers, and the supplies obtained at the Cape were very welcome to the colonists, as the provisions and other goods sent out by the English Government were insufficient, poor in quality, and very limited in their kind, consisting mainly of grain, salt meat, and slop clothing; and persons who had means at their command were naturally glad to be able to supplement the Store's supply from any source available.

Private traders began to visit the colony in 1792, the first purely trading vessel being the American ship *Philadelphia* from the port after which it was called. Owing to the monopoly rights of the East India Company and the South Sea Company, English ships were prevented from engaging in the Australian trade, which fell chiefly into the hands of the Americans, who made Port Jackson a place of call on their way to China. When Colonel Grose became Lieutenant-Governor on the departure of Phillip in 1792, he altered the whole administration in such a way as to give a great impetus to trade. Phillip's idea—it was the idea with which the settlement was undertaken—was to make the labour of the convicts support them; Grose's idea was to encourage agriculture by making it a concern of private interest, and, as narrated elsewhere, he granted land to the officers, and drafted almost all the convicts into private employment. Wages at once came into existence, and since the colony was without any medium of exchange, these had perforce to be paid in goods, which, as there was no local production, had necessarily to be imported. The first retail shop was opened in Sydney in 1792, and others speedily made their appearance. Some of these in the course of a few years grew to be large stores, selling

all classes of goods, and far better supplied than the Government Store. The number of private trading vessels visiting the colony increased as they found a ready sale for their goods. By 1794 two East Indiamen and four American ships were engaged regularly in the trade, and brought rum, wine, tea, tobacco, sugar, clothing, and tools of various kinds. At first the shipmasters were disposed to charge excessive prices for their goods, and to prevent this the officers formed a combination among themselves, which was immediately effective. There was not money in the colony sufficient to maintain regular trade with visiting ships; the cargoes brought by traders could be bought only by bills of unimpeachable quality drawn on London, and the officers possessed practically a monopoly of these bills. The combination of officers worked to the advantage of the settlement for a little while, but it was not long before it became a veritable ring, using its exclusive power of purchasing from trading ships in the most approved monopolist fashion. The profit made by the ring out of its trading transactions has been variously stated, but it is certain that it often amounted to 400 or 500 per cent. The officers and other principal inhabitants of the colony, who were admitted to the ring, bound themselves by an agreement to choose two of their number to go on board any ship arriving with goods for sale and treat with the captain for the purchase of the cargo. The rest bound themselves to abstain from any attempt to purchase, even if the goods were brought on shore and exposed for sale. But this last-mentioned course was rarely followed, as the ring usually adopted the business-like course of offering the captain a fair profit, so that he and other traders might not avoid the settlement in future. When a cargo was secured it was divided among the parties forming the ring in proportion to their respective interests. The whole internal trade of the colony remained in the hands of the official class for many years, and proved most lucrative. The officers did not actually open stores themselves, but in addition to paying wages with goods valued at most

exorbitant prices, they supplied goods to agents who hawked them from farm to farm, or to shopkeepers who carried on business in the larger centres of population. The officers were thus able to absorb to themselves almost the whole benefit of the improving conditions of the settlement; they purchased the crops of the small settlers for insignificant amounts of goods, chiefly spirits, and reaped all the benefit of the price paid by the Government for grain put into the Store.

When Hunter took up the government in 1795 he endeavoured to break the monopoly of the officers. In his eyes the trading in which the officers had engaged was disgraceful to their profession, as well as bad for the colony. His first steps were directed against the trade in rum, and he took measures to regulate and restrain its importation; but the net result of his efforts, which were opposed to the wishes of the population as a whole, was to give rise to smuggling and the illicit distillation of a most inferior description of spirit. Although he was fortified with instructions from the Secretary of State, he was never strong enough to cope with the combination arrayed against him, the leading officers being able to turn him to their purpose almost as they pleased. The case with which he was hoodwinked is shown plainly by an episode of 1798. The settlers had begged the Governor to put an end to the existing monopoly by purchasing goods on the credit of the Government, and distributing them among the community for payment in wheat. This would, of course, have destroyed the monopoly, but Hunter refused to accede to the prayers of the settlers, his remedy being to call upon the officers "to stand forward on behalf of the whole colony," so that "every person having money to purchase may claim their proportion of such a purchase without the assistance of any other agent." This ill-worded and ambiguous order had doubtless some other meaning in Hunter's mind than the obvious one; however that may be, the order was condemned at once by the Home authorities, who perceived clearly that its only effect

was to sanction and perpetuate the system they, as well as the settlers, so much disliked. Campbell, afterwards one of the chief merchants in the colony, arrived in Sydney from Bengal in 1798, bringing with him a cargo of goods which he hoped to sell to the public on advantageous terms. He had, however, reckoned without the officers, who in the end compelled him to sell his goods to them at their own prices.

This inability to stamp out official trading ultimately led to Hunter's removal from office. He was superseded in 1800 by King, who at once took energetic measures against it. First he privately informed the officers that their engaging in trade was prohibited, and gave them to understand that though the notice to them was made privately, it was nevertheless to be understood as having the force of a General Order. In the second place he endeavoured by various means to place trade on a better footing. He fixed the price of spirits at 20s. a gallon, making it impossible to recover a higher price in the Courts, and he endeavoured to supersede it as a means of paying wages. In regard to other goods he made it obligatory upon the masters of trading vessels to declare their cargo and the cost of the various articles. In order further to protect the settlers from the rapacity of the officers, King—as will be presently narrated—bought the cargoes of several vessels as they arrived, and prevailed on the English Government to send out goods, likely to be in demand, to be sold retail at the Government Stores at prices ranging from 30 to 50 per cent above those of similar goods in England. This was done in 1801, and had the effect of causing private traders to lower their prices very considerably, but the cheapness of the Government wares was counterbalanced by the loss of time involved in obtaining them. The purchaser was required to make out a list of the articles he desired to buy. This list was submitted to the Governor for approval, and was then passed on to the Commissary for his inspection and signature; these formalities having been gone through, the applicant could

then present his list at the public Stores. The goods for sale were not exposed to view but were kept in a warehouse, reached by a ladder and presided over by a sentry, who allowed but one customer to enter at a time. Purchasers suffered exasperating delay, being kept waiting sometimes for three days before they could obtain their goods. In the circumstances, most people preferred naturally to pay a higher price elsewhere, but the existence of a public stock of goods had a moderating effect on the prices charged by private traders.

King obtained a colonial revenue by the imposition of duties upon spirits and other goods. In 1802 he imposed a duty of 1s. 6d. per gallon on spirits and 6d. a gallon on wine. All merchandise from the east of the Cape of Good Hope was subjected to an *ad valorem* duty of 5 per cent, and in 1808 all goods not of British manufacture which entered the port were made liable to this duty. This is an early example of preferential treatment, and was continued for many years.

During the Governorship of Macquarie the trade of New South Wales made great progress. Reforms of all kinds were made more easy of accomplishment by the removal of the New South Wales Corps in 1810, and from that time the official class ceased to be connected with trade. Under his rule the infant town of Sydney grew considerably. King had been the first Governor to grant leases there, but as the leases were only for five years the buildings erected were naturally not of a substantial character. Macquarie granted a number of leases also, but gave permanent grants of land in cases where valuable buildings were to be erected, so that at the end of his term of office Sydney had grown considerably, having the appearance, according to Wentworth, of a town of 20,000 inhabitants though its population numbered only 7000; and while the houses were for the most part small one-storied dwellings, it contained buildings, private and public, excellent both in construction and in design, and many stores where goods of all kinds could be bought. The Government

Store continued in existence as a shop open to the public until January 1815, when Macquarie, considering that its purpose had been served as a means towards keeping down prices, closed it to all except the military and the convicts in Government employment. Under Macquarie the external trade of the colony grew satisfactorily. Allusion has been made to the injurious effect of the monopoly of the East India Company upon trade between England and Australia. That trade passed almost entirely into the hands of the Americans, where it remained until the war of 1812-1814 closed British ports to them; but American whalers continued to visit the fisheries although they were liable to capture, and on several occasions captures were made, and the prizes brought to Port Jackson on their way to England. The settlement profited greatly from the visits of English whalers; vessels trading with the East also frequently made calls, and Port Jackson had the appearance of business considerably in excess of its actual trade. By these traders the colony was well supplied with tea, coffee, sugar, rice, wine, spirits, articles of clothing, and other necessities. The ships were able to secure very little in the way of a return cargo, especially after the imposition in England of the duty of £20 per tun on oil obtained in colonial vessels, which was virtually a prohibition of that commodity. Wool, in rapidly increasing amounts, timber, and seal skins were practically the only articles of export, but occasional cargoes from New Zealand helped to swell the volume of trade: thus in 1817 the ship *Harriet* sailed for England with a full cargo of Kauri pine, seal skins, and wool. Coal was exported to India and to the Cape in small quantities, and sandal wood and bêche-de-mer were carried to China. The export trade was forbidden to colonial vessels, which were not allowed to navigate outside the limits of the colony. These vessels were of small tonnage, and were engaged chiefly in carrying sealing parties to their stations on the islands in Bass Straits and other parts, and afterwards bringing the produce to Port Jackson. Colonial vessels also carried wheat

from Hobart to Port Jackson, and generally maintained communication between the scattered settlements; they also visited Otaheite and the Marquesas Islands, carrying back with them pork and shells, the latter being used for making lime. Macquarie removed various restrictions on trade, amongst others that which forbade vessels to visit Hobart or Port Dalrymple before proceeding to Port Jackson. This regulation had already been denounced as unreasonable by the Committee on Transportation in 1812, and when it was rescinded it became usual for vessels from England to call at one or other of these ports on their way to Port Jackson. In December 1814 Macquarie declared the Port of Sydney to be free to the ships of all nations in amity with Great Britain, but this was merely a formal recognition of an established fact. He anticipated a large increase of shipping would follow this announcement; but proclamations do not make trade, and in the absence of return cargoes from Australia there was little inducement for vessels other than transports and ships with speculative cargoes to visit the settlement. It was not until 1818 that any ships other than American and English entered Australian waters.

Internal trade throughout the whole period was affected by the numerous restraints imposed upon the personal liberty of all classes in the community. A notorious example of this may be quoted from the General Orders of 1802, when a floating bridge having been built over South Creek, near Windsor, by a private person, it was decreed that a toll of 4d. per head should be levied on every person using the bridge, and any person "using any other mode of carrying or conveying passengers, horses or carts across the South Creek, will on conviction . . . forfeit the sum of £5 for each offence to the proprietor of the bridge."

This was in the comparatively enlightened days of Governor King, and it requires little stretch of imagination to comprehend what restrictions were placed on the lower orders of the population in earlier times. In February

1790 it was deemed necessary to order that soldiers or seamen found straggling after tattoo or in the convicts' huts should be detained. The soldiers were required to remain in barracks, and sailors were strictly forbidden to be on shore after sunset. The severest restrictions were laid upon the convict class, even upon those who were allowed "upon their own hands" to provide for themselves, and those who, by servitude or pardon, had regained their freedom. They were not allowed to leave the colony without the special permission of the Governor, which was not obtained easily. When they became servants their master was obliged to register their name with the constable of their district, and in this district alone they had the right to be. If they desired to go from one place to another they were obliged to obtain a pass from a magistrate or from their master, if he was an officer, and to produce this when required, and to carry it at once on their arrival to the constable of the place where they proposed to remain, even if only for a day. Even in the districts to which they belonged they were not allowed to be out after sunset, unless they were on their master's business. The ex-convicts who became settlers were, however, not subject to these restrictions. In order to prevent convicts from leaving the colony the greatest restraints were placed upon shipping. At first no boats were allowed to be built, but this was modified by Governor Hunter, who, by special permission in each individual case, permitted small boats to be built for use in the seal and whaling trade. These boats were, however, bound not to take any person on board without the Governor's written permission; they were compelled to navigate only within certain limits, and were not to allow any of their men to join a foreign vessel. Even the passenger boats which plied between Sydney and Parramatta were forbidden to carry a prisoner or any person who was not a settler, without a pass signed by the magistrate. Other vessels which visited the colony were compelled to keep the strictest watch to prevent convicts concealing them-

selves upon them. No loiterers were allowed around the wharves by night or day, and no small boats were to go from shore to the ships after sunset. Upon the actual free persons who had never been convicts, there were many restrictions, direct as well as indirect. Their occupations were restricted according to the Governor's pleasure; they could not become bakers, butchers, publicans, ship-builders, or auctioneers without his permission; if they desired to open a store in Sydney they had to apply to him for a lease, and if they wished to become settlers it was the Governor who decided what the extent and nature of their grant would be, or whether they would be given any land. There were, moreover, numerous regulations affecting the relations of convicts and free men which very much restricted the liberty of movement of all persons who were not magistrates. The restrictions upon the carrying on of various trades have been alluded to; but there were many others besides those mentioned. In some cases these were salutary regulations formed for the protection of the general community, but others were made in ignorance of the conditions under which trades could be conducted, and greatly hampered the development of industry.

Until Macquarie arrived, the means of communicating between one part of the settlement and another was difficult, as all the roads were poor. Macquarie had a sort of passion for construction, and his roads were excellent. He made a turnpike road from Sydney to the Hawkesbury, completing it in 1811, goods and passengers having previously to be carried round by boat. A few years later he constructed the great road over the mountains to the western plains, and also extended his roads in other directions. With the construction of the roads internal trade and all the industries dependent thereon developed. It was, however, long before travelling by road became safe, as many convicts escaped and took to the bush, preying upon defenceless travellers; journeys to any part of the settlement were usually made in company, and it

was customary to make even the short journey from Sydney to Parramatta, about fourteen miles, in parties. All persons of substance travelled armed, and the period herein dealt with was well over before the necessity of keeping armed patrols on the road disappeared.

It will have been gathered from the foregoing outlines of the trade conditions of the colony, that prices for all descriptions of goods were usually high, and subject to very great fluctuations. In the case of articles wholly or partly produced in the colony, such as grain and wheat, these fluctuations were due to the recurring droughts and floods, especially the latter, which spoiled the harvests and deprived the stock of their food; and as regards imported goods there was always great uncertainty of obtaining renewal of stocks, and as these grew low prices mounted up proportionately. The Government was the largest buyer of grain, and for some twenty years after the foundation of the colony it maintained farms upon which wheat and maize were the principal cultivation. These farms were expensive, and their production was at no time sufficient to meet the demands of the convicts and others who were dependent upon the public Stores. In 1811 they were given up and so far as possible all stores required by the Government were obtained by purchase from the settlers, the price at which grain would be accepted being fixed by the Governor. In 1790 wheat was purchased by the Store at 5s. per bushel, but from 1791 to 1800 the price was 10s.; even at this price insufficient quantities were grown, and until 1797 the colony was obliged to rely largely upon imported grain. From 1797 to 1801 the seasons were abundant and the colony was able to supply itself, and in October 1800 the price of wheat at the Store was reduced to 8s. a bushel, much to the displeasure of the settlers. The heavy floods at the Hawkesbury in 1800 destroyed a large part of the crops, and during the subsequent year grain was imported from India and from England. King did not, however, raise the Stores' price. It remained at 8s. till 1804, when, after two good

harvests, he reduced it to 7s. at the Hawkesbury and 7s. 6d. at Sydney and Parramatta, the extra 6d. being added to cover the cost of carriage. The terrible floods of 1806, which destroyed completely the crops at the Hawkesbury, compelled a rise in prices; the Stores' price at Sydney was raised to 15s., and from that time until the end of the period it never fell below 10s., importation being frequently necessary to eke out the local supply.

The price at which the Government would receive wheat at the public stores did not reflect the actual prices in the Sydney market, for while the Government price remained fairly stationary, that in the open market responded to the variation of the seasons. This independence of the market of the Stores' price was always a trouble to the Governors, who thoroughly believed in the power of Government regulations to alter economic conditions. In July 1802 King ordered that no more than the Stores' price of 8s. a bushel should be demanded by private sellers, except at seed time, but this attempt to make the Stores' prices rule the market naturally failed, the regulation, in fact, being entirely disregarded. It must not, however, be supposed that the Government price did not affect the market price; on the contrary, when wheat was abundant and prices tended downwards, the presence in the market of a purchaser of large quantities naturally drew prices up to that given by such purchaser. Accordingly it will be found that at harvest time, usually December, the market price stood a little below that given by the Government Stores. If the Government had been open to purchase unlimited quantities, the price of wheat would never have fallen below the Stores' rates, but its requirements, though large, were limited, and the Store-keeper had discretion as to the persons from whom grain should be taken, in the event of more than the required quantity being offered. In years of plenty the Commissary issued lists of settlers from whom the Government would receive grain and the quantity that would be accepted from each; on these lists were to be found the names of the settlers

who were indebted to the Stores for goods they had procured on credit, and over whose crops the Government had a lien. It was not unusual for the Governor to send convict labourers to help these settlers to gather their harvest, with instructions to bring in a certain proportion to the Stores. Grain from settlers whose names were not on the list was received only in the event of an insufficient quantity being offered by the others. Usually the market price was under the Stores' price for a short period after harvest, but throughout the rest of the year the contrary was the case. In October 1806 the price of wheat in the market rose to 74s. per bushel, and it had only fallen to 21s. in February 1807. During this period the Stores' price was 14s. to 15s. In 1810 the market price throughout the year did not fall below 16s. per bushel, and rose as high as 33s. before the next harvest, as compared with 12s. offered by the Stores. In 1811 the average price of wheat was 12s. ; in 1812, 7s. 6d ; in 1813, 9s. 6d. ; 1814, 16s. 3d. ; 1815, 12s. 4d. ; 1816, 11s. 4d. ; 1817, 13s. 4d. ; and in 1818, 9s. 1d. In all these years the Government price rarely rose above 10s. per bushel, and never dropped below that figure.

The Governors had at no time any hesitation in making regulations dealing with the manner and the prices at which goods should be sold to the public, and naturally the baking and the sale of bread received early attention at their hands. The regulations affecting the making of bread were first issued in 1801, and remained practically unchanged throughout the whole period ; they specified the prices at which bread of different qualities should be sold, the materials to be used, the weight, and other matters of less importance. The flour used by bakers was to have 24 lbs. of bran removed from 100 lbs. of flour, or 3 lbs. from 14 lbs. It was to be baked into loaves weighing 2 lbs. 10 oz. when hot and 2 lbs. when 24 hours old. This was the standard wheaten loaf ; " household " bread of an inferior kind was more commonly used, and at times of high prices, as in 1810, bakers were directed to

make bread from maize flour. Household bread was to be marked with a large Roman H, and bread made wholly or in part of the flour of maize, peas, beans, potatoes, or the like was to be branded with a large M to denote that it was mixed bread.

These were rules that were capable of being enforced, but when an attempt was made to fix the price at which the loaf should be sold, the Governor could not congratulate himself on any conspicuous success. At first the price of the loaf was regulated only during seasons of scarcity, but neither in good nor in bad seasons did the bakers pay heed to the Governor's regulations. In 1801 it was ordered that a 2-lb. loaf should be exchanged for 3 lbs. of wheat, and in 1802 the bakers were ordered to sell their bread at 6d. : the actual price, however, was 8d. In February 1804 the price was fixed at 4d. sterling, or $2\frac{1}{2}$ lbs. wheat. The great scarcity of 1806 led to the imposition of additional and very strict regulations on those engaged in baking : all bakers were required to take out licences and find security that they would not sell to their regular customers any greater quantity of bread than the Government ration allowed to persons on the Stores. To other persons they were not to sell at all without a written order from the proper authority, and as an additional precaution they were obliged to deliver once a week a list of their customers to the magistrate. At the same time the price of the 2-lb. loaf was fixed at $8\frac{1}{2}$ d., or $2\frac{1}{2}$ lbs. of wheat, and at this it was to remain so long as the Stores' price of wheat continued at 15s. per bushel. In the open market wheat was quoted at 42s. and 45s., so it is needless to say the 2-lb. loaf was not on sale at $8\frac{1}{2}$ d. ; indeed, it could scarcely be bought for 2s. That was at the end of August 1806. In September and October the price rose to 3s. 6d. and 4s. ; at the end of November there was every promise of a good harvest, and the millers began to draw on their reserve stocks, so that the price receded to 18d. a loaf ; but there was no approach to the regulation price even when the harvest was gathered in, for in February 1807 the price of standard

wheaten bread was 13d. and of household 10d. In 1810 another plan was tried. Instead of arbitrary regulations made by the Governor, an assize of bread was held weekly at Sydney, and the price of the loaf determined on the basis of the market price of wheat. There were considerable fluctuations in the price of bread from 1810 to the end of the period, but these were by no means so great as in previous years. Cultivation received a considerable impetus under Macquarie, and the colony was never again in the position of having no bread to eat, as it sometimes was under his predecessors. During the eleven years from 1811 to 1821 the range of prices and the yearly average price of the 2-lb. standard loaf were :

Year.	Prices.			Year.	Prices.		
	Lowest.	Highest.	Average.		Lowest.	Highest.	Average.
	d.	d.	d.		d.	d.	d.
1811	5½	6¾	6½	1817	5½	11	7¾
1812	4	5½	4¾	1818	5	6	5½
1813	3	9	5½	1819	4½	5½	5
1814	6	10½	8¾	1820	4¾	6	5¾
1815	5¼	8½	6¾	1821	5¼	6½	5¾
1816	6½	8	7¼				

For fruit and vegetables the colony was entirely dependent upon its own resources, and though the few gardens that were cultivated showed great fertility, market gardening was generally neglected, owing mainly to the scarcity of competent labour. Green vegetables were very dear, and a great number of the colonists in the early years never used them, specially valuable as they would have been with a diet composed so largely of salt meat. Potatoes were more commonly used, but they were not plentiful, and in years when they might have formed a valuable substitute for wheat, there was always a deficiency and a very high price. During the twelve years 1810–1821 the average price of potatoes in the Sydney market was 9s. per cwt., but the price at the time of the digging of the crop was rarely above 6s. and frequently not more than 4s. There was, however, hardly any year when prices did not rise,

some time or other, above 10s., and in four years of the period they rose to about 20s. per cwt.

For some years after the colony was established no fresh butcher's meat was procurable, nor was it possible to obtain from the chase an acceptable substitute, as the indigenous animals of Australia do not yield palatable flesh. The population, therefore, subsisted on salt meat issued from the Government Stores. Pork was the first description of fresh meat to become available, as after the first five years pigs became fairly numerous. In 1797 Hunter reduced the price of fresh pork purchased on the public account from 1s. to 9d. per lb., and in 1800 the price paid was still 9d. As early as 1796 mutton is quoted at 2s. per lb., goat's flesh at 1s. 6d., and kangaroo at 6d.; salt pork, 1s.; salt beef, 8d. The Governor took every care to preserve the live stock of the colony, and as a means to that end he put the trade of a butcher under strict regulation. In March 1802 he granted licences to three butchers, two at Sydney and one at Parramatta, and these men were bound not to buy or kill any cow, ewe, or breeding sow, nor to sell meat to any ship without the Governor's permission, and to deliver to the Governor a weekly account of all stock killed and sold. They were not to pay more than 13d. per lb. for mutton and 6d. per lb. for swine's flesh, nor to charge more than 15d. and 8d. respectively. These prices were fixed for one year, and they were still the market price in January 1804. In October of that year the regulations as to butchers were reissued, and, in order to promote competition, the number of licensed butchers was increased to six in Sydney, two at Parramatta, and one at the Hawkesbury. When tenders for supplies were invited shortly afterwards, the prices of meat were fixed at : beef, 1s. 9d. per lb.; mutton, 1s.; and pork, 8½d. These may be taken as the ruling prices for several years afterwards, but the occurrence of drought conditions forced up prices, as in the summer of 1806-1807, when the retail price of pork was 1s. 10d. per lb. In October 1810 Macquarie established a new public market in Sydney, at

which meat among other things was sold. The Governor made no attempt to regulate the price of meat to the general public. This departure from his usual custom he reported to the Home authorities, with the admission that the market was better supplied in consequence, though prices were rather high. In 1810 fresh beef and mutton sold at 1s. 6d. per lb., but thereafter there was a large fall in prices, as the flocks occupied the wide pastures across the mountains; in 1815, 6½d. to 8½d. per lb. was the average price of fresh beef, and in 1820 the usual price was 5½d.

Poultry were reared very successfully, and the market was fairly well supplied with fowls, geese, ducks, and eggs. In 1796 fowls were to be had for 5s. each, but the price dropped after a few years to 2s. 6d., at which it remained until 1811; after that year there was a considerable reduction, until in 1820 the current price in Sydney for fowls was 1s. 3d. to 2s., and for eggs about 2s. per dozen.

Nearly the whole of the butter sold in the colony was salt and imported from England, and naturally the price was very high. In 1796 butter was sold at 3s. per lb., and this appears to have been the usual price in the earlier years; but there must have been very little on sale, as there are few quotations until seventeen years later, when 5s. 6d. to 7s. currency, or from 3s. to 4s. per lb., was the market price. At the end of 1816 the price was recorded as 2s. 6d., which was the standard price to the end of the period, although an occasional quotation of 2s. 3d. and even 2s. is met with. There was some butter made locally, but the quantity must have been very small, notwithstanding Blaxland's boast in 1809 that he had "occasioned a regular supply of milk, made butter for sale, and supplied the market with vegetables." The supply of milk was always insufficient—in 1807 it sold at 10d. a quart, and at such a price it is very improbable that it was ever used for butter-making.

All imported goods were usually very dear, and the uncertainty when stores would be replenished led to great

fluctuations in prices. Thus in 1803 a large cargo of Chinese tea was imported which caused a great reduction of prices, but the colony did not again receive so good a supply until January 1814, when the *Argo* brought such large quantities that the price of Souchong, which had been 30s. a pound, fell at once to 5s. The greatest cause of the enhancement of prices, however, was the monopoly of the trading which the official class and others forming the trading ring enjoyed, and to which reference has already been made. It was in the early years after 1800 that the settlers felt most severely the weight of the exactions practised on them. The officers and their friends, who from causes already narrated were alone in a position to trade with the ships, sold their purchases at whatever price they chose to affix to them, and 100 per cent was a moderate profit, while 500 was much more usual. Tea bought from the ships at 5s. to 10s. per lb. was retailed at 15s. to 20s., and the price rose as high as 40s. and 84s. during 1798 and 1799. Soft sugar, purchased at 7d. to 13d. per lb., was never sold retail at less than 2s. 6d. and 3s., and rose sometimes to 5s. and 7s. 6d. per lb. Tobacco, which was much used in the colony, was also very dear in comparison with its prime cost. Purchased at 8d. and 1s. 6d. per lb., it was retailed at 5s., and the price rose occasionally to 10s., 15s., and even higher. In desperation the settlers appealed to the Governor, and King lent a sympathetic ear to their petitions. In September 1800 two American ships arrived laden with goods much in demand. The Governor immediately secured on the credit of the Government practically the whole of these cargoes and distributed them among the inhabitants at cost price. Shortly afterwards two other ships arrived, and such was the state of the market that most of the goods were sold at 30 per cent above cost price. In 1801 the whaling ship *Britannia* brought out a cargo from England for the public Store, and the Commissary issued a list of the articles offered for sale, with the prices at which they could be obtained by the colonists ;

these prices were fixed at about 60 per cent above cost, and goods could be purchased either for money or for wheat or fresh pork delivered at the Government Stores. This practice was continued during the whole of King's term of office, with the consequence that prices remained fairly low. Writing in 1804, King reported that the abundance of goods in the colony was such that the importer could not get more than 50 per cent profit on his goods when sold in bulk; retail prices of course were higher.

In that year the retail prices of some articles in common use were :

Tea	6s. to 12s. per lb. (according to quality).
Sugar	9d. to 1s. per lb.
Tobacco, Virginia leaf	1s. 6d. per lb.
Tobacco, Brazilian leaf	2s. 6d. per lb.
Soap	1s. to 1s. 6d. per lb.

The advent of the Government as an importer and seller of merchandise naturally restricted the imports of the officers and other private traders, and in 1805, when the Government stocks fell low, there was a considerable rise in prices. In December of that year tea sold for 24s. to 30s. per lb., tobacco for 8s. Fresh supplies, however, arrived in April 1806, and prices fell a little, but the importing ring again recovered its position, and high prices ruled for all kinds of commodities, until the arrival of Macquarie and the removal of the New South Wales Corps broke up the official monopoly, which like an incubus oppressed so heavily the infant colony.

The supply of articles of clothing during the first ten years of settlement was very deficient and the prices high, with the natural result that the poorer portion of the community were actually short of clothing. In 1804 calicoes sold for 1s. 6d. and 2s. per yard, longcloth for 3s. 6d. to 5s. 6d., and Irish linen at 5s. 6d. In 1806 longcloth cost 6s. 6d. per yard, coarse Worcester blue cloth, 12s. to 18s. At the Government Store in 1806 flannel cost 3s. to 3s. 9d.

per yard; blanketing, 2s. 6d.; black worsted stockings, 2s. 7d. to 3s. per pair. Shoes could not always be obtained, but the prices quoted for them do not appear high, even allowing for the fact that the quality was not good; men's shoes cost 10s. a pair and women's 6s. to 10s. It was some considerable time before leather of the ordinary kind became available from local sources, and in the earlier years the skins of seals were tanned and the leather used for bootmaking, but the results were not satisfactory.

Articles for household use, cooking utensils and so forth, were very scarce—in the early years they were unobtainable, and even in 1810 small tin pots for cooking cost 5s. to 6s. 6d. each. Writing paper cost 2s. 9d. a quire in the same year, and paper of any kind was so scarce in the colony that the *Sydney Gazette* on many occasions was published as a single instead of a double sheet, and there was sometimes considerable doubt as to whether it could continue to appear.

Oil, seal skins, timber, and wool were almost the only articles of export which the colony possessed during the period. The oil of the sea elephant sold in London at from £27 to £37 per tun and dry seal skins at 3s. 6d. to 6s. each; spermaceti oil sold for £90 per tun in 1804, but this was not the property of colonial merchants, who never obtained this description of oil; in the same year fur seal skins sold at 6s. to 14s. a skin. The first samples of wool were sent to England in 1803, but there was a very small quantity exported during the next ten years. In 1815 Australian wool, badly washed and indifferently sorted, sold in London for 2s. 6d. per lb., and the best samples for 5s. 9d. This, according to the *Sydney Gazette*, was wool from sheep having only a trifling dip of Spanish blood.

A great obstacle to the development of trade arose from the difficulty of recovering debts and the dishonesty of traders. The amount of litigation in respect of debts was enormous. In 1803 King told Sir Joseph Banks that appeals were then before him for sums amounting to

£34,000, and £10,000 for transactions which had taken place before he took the command. In 1808 Foveaux reported that there were at least one thousand suits pending before the Court of Civil Judicature, while many persons preferred to sacrifice their property rather than encounter the difficulties and delays of a legal process. It may be naturally inferred, from the former history of many of the traders, that over-scrupulousness was not among their characteristics, and Governor King's complaint regarding vexatious appeals indicates the condition of business morality largely prevailing. The local Court was given authority to decide finally all cases in which the sum at stake was under £300, an appeal being allowed to the Governor only, but where the sum involved was in excess of £300 a further appeal was permitted to the King in Council. As the time occupied by a letter to reach London was frequently eight months, the right of appeal put a formidable weapon in the hands of the fraudulent, who were able by threats of an appeal to the King in Council to force the acceptance of a settlement on almost any terms; indeed, so much advantage was taken of this right of appeal, and the results in loss of time and money were so great, that all debts for more than £300 ultimately became debts of honour. Commenting on this condition of affairs, Judge-Advocate Bent, writing to Lord Liverpool in October 1811, declared that "a private bill of exchange drawn here for a larger amount than the sum of £300 is not negotiable on any terms."

PART II

FROM THE CROSSING OF THE MOUNTAINS TO
THE ABOLITION OF THE ASSIGNMENT
SYSTEM

I

INTRODUCTION TO THE SECOND PERIOD

THE important results of the explorations made under Macquarie have already been alluded to, and when the character of the country in the interior and the limitless possibilities opening out for settlement began to be understood, it was realized also that Sydney was destined to be a great commercial port and that New South Wales could not much longer be used chiefly as a receptacle for convicts. It became necessary, therefore, to find some other place or places that would serve as convict depots, having the essential qualifications which Sydney had now lost, of being remote from the commercial routes and otherwise difficult of access. In October 1823, Sir Thomas Brisbane, who had succeeded Macquarie as Governor-General, acting upon instructions from England, despatched his Surveyor-General, John Oxley, in the cutter *Mermaid*, to examine and report upon the suitability of the shores of Moreton Bay, Port Curtis, and Port Bowen as sites for a settlement. Oxley first examined Port Curtis, which was most in favour as the site for the new colony, but deeming it unsuitable he turned south and examined Moreton Bay, discovering a fine river emptying itself into the bay at its southern extremity; to this river he gave the name of Brisbane in honour of the Governor. In September of the following year, Oxley was sent back with some soldiers and prisoners to prepare the way for a penal settlement. This was presently established under Captain Logan, a man of energetic and resolute character, but severe even to

cruelty in the enforcement of discipline amongst the convicts. The settlement received the name of Brisbane, and under Logan's rule the population rose to between 1000 and 1500, all of whom were prisoners with the exception of the civil staff and a hundred or so of soldiers, no free person being allowed even to visit the settlement without a special permit. Brisbane as a site for a colony was adversely reported on by Darling in 1827, who favoured a place nearer the sea, but nothing was done just then to interfere with the settlement. Meanwhile Logan spent his time making himself acquainted with the country in the vicinity of Brisbane, and carried out various experiments in cotton-growing, which were conclusive as to the suitability of both soil and climate for the growth of the plant. In 1830 his labours were brought to a tragic close. At the head of a small exploring party, consisting mainly of prisoners of the Crown, he had pushed on beyond the boundaries of location, and was not again seen alive. His companions returned to Brisbane with the story that he had left the camp alone on a botanizing expedition, and had failed to return. The officer left in charge of the settlement sent out a search party to look for his absent chief, and on the fifth day the searchers found Captain Logan's body pierced with a spear and battered apparently with waddies, or aboriginal clubs. The genuineness of the evidence was accepted without question, and the murder charged to the blacks, though it afterwards leaked out, in half-hinted fashion, that the ill-starred captain had fallen a victim to the vengeance of his convict followers.

Another military officer took up the control of the settlement on Logan's death, but the history of the administration is little more than a record of offences and offenders, and the degrading details of prison management and mismanagement; no progress was made, with colonization. In 1833 the population was 1209, of whom 1158 were prisoners, 30 being women. Governor Sir Richard Bourke thought little of Brisbane, even as a place of penal settle-

ment. He adopted all Sir Ralph Darling's prejudices against the locality, and supplemented them with some of his own, and he prepared gradually for its abandonment, which was accordingly carried out a few years later, and the way was left clear for the free settlers.

While this was going on in the north, the south was not being neglected. Hume and Hovell were despatched with an exploring party in a south-westerly direction in the hope that they might reach the Southern Ocean. They discovered the Murray and Murrumbidgee rivers, which, rising in the Great Dividing Range, flow westward, ultimately unite, and discharge into the sea on the South Australian coast, over a thousand miles from their respective sources. Pursuing the journey, they reached the shores of Port Phillip, and encamped on the site of the present city of Geelong. Two years later, in order to forestall French designs on the southern territory, a party was sent by sea from Sydney to form a station at Western Port ; but this shared the fate of Collins' abortive settlement, and was abandoned in consequence of the unfavourable reports of the leaders.

Besides doing all in his power to increase his knowledge of outlying portions of the land under his rule, Governor Brisbane also encouraged the introduction of free settlers, with the result that numbers of wealthy young men came to the colony and took up land, engaging mainly in sheep-farming, which had become the most popular industry of the country. The Governor gave evidence of his enlightened views in many directions. The establishment of newspapers had been strongly opposed by previous Governors, and a rigid censorship exercised over newspaper articles published in the colony, but in 1824 liberty of the Press was affirmed by proclamation. The liberty thus granted was greatly abused, and within a few months the Governor was compelled to consider what steps it would be advisable to take, to restrict the licence of the new publications his proclamation had called into existence. Brisbane was recalled, however, before he could take any

action against the newspapers, and he left the matter as a troublesome legacy to his successor.

The colony had now reached a stage of development in which the old method of administering the law, by means of a court composed of a judge assisted by assessors drawn entirely from officers of the Army, was no longer possible. This system was abolished, and in its place trial by jury was instituted, the first properly empanelled jury sitting at the Quarter Sessions of November 1824. To Sir Francis Forbes, the first Chief Justice, is mainly due the credit of introducing this much-needed reform. Under the original constitution of the colony the whole executive and legislative power was in the hands of the Governor, the only restraining influence being the force of public opinion amongst the colonists and the far-distant authority of the Secretary of State. In 1823, however, the colonists were granted the semblance of self-government under an Act passed by the British Parliament, which provided that the Governor should nominate a Legislative Council of seven members, by whose advice he was to be guided ; this Council was enlarged in 1825 by the addition of eight members, bringing its numbers to fifteen.

Sir Thomas Brisbane was a man of excellent parts, and endeavoured to put the internal affairs of the colony in a satisfactory state. Especially was his attention devoted to the improvement of the currency, which was again in a wretched condition. It is alleged that he was recalled by the English Government owing to its dissatisfaction with the steps he took in this regard, but no support is given to this allegation by the records of the Colonial Office ; on the contrary, it is clear that he was recalled owing to his disagreements with his Colonial Secretary, Major Goulburn, the two officials being recalled together. Brisbane was succeeded in 1825 by Major-General Ralph Darling, who immediately found himself involved in serious disputes with an influential section of the colonists and the Press. Some of the newspapers put little or no restraint on their expressions regarding the conduct of public business, and the

Governor did his utmost to suppress the obnoxious papers by prosecutions under the criminal law; later he induced his Council to pass an Act dealing with seditious publications, which effectually put down all criticism. The Act was unjustifiably harsh, and was modified on instructions from England when its provisions were understood.

The expansion of settlement across the mountains made the escape of convicts from servitude much more easy than had hitherto been the case. Many desperate ruffians took to the bush, and roamed over the country in armed bands, robbing travellers indiscriminately. The pest became at last so troublesome that an Act commonly spoken of as the Bushranging Act was passed, which gave the magistrates extraordinary powers, and placed the country virtually under martial law. The Act was successful, and for a time bushranging was suppressed, but the evil was latent, and broke out time and again in New South Wales, Van Diemen's Land, and Victoria as long as the supply of convicts lasted.

The work of exploration was vigorously pushed forward under Darling as under Brisbane. In 1823 Allan Cunningham, making his way northwards from Bathurst towards the head-waters of the Castlereagh, had discovered the gap in the mountains known as the Pandora Pass, by which access was opened to the country beyond. After accomplishing some useful work of a minor character, he set out in 1827 from the Upper Hunter at the head of an expedition with the intention of reaching Brisbane overland along an interior route. At the outset of his journey, and to avoid having his movements hampered by its spurs and lateral offshoots, he crossed the dividing range, and, turning northward, skirted the Liverpool Plains. After traversing much unpromising country, he reached the banks of the Gwydir river, and afterwards discovered and named the Dumaresq; working northward from this stream through a belt of very poor country, he emerged on 5th June 1827 on the famous Darling Downs. This discovery was

destined to have a most important influence upon the pastoral industry of the southern settlement, and to form a centre round which gathered the elements of the future colony of Queensland. On the east the Downs appeared to be shut off from the coast by a formidable mountain range; Cunningham was fortunate in finding a route through these mountains, but did not pursue his journey to the coast; contenting himself with noting the whereabouts of the pass, now known as Cunningham's Gap, he retraced his steps to the point from which he had set out. Besides the discovery of the Downs, the most important result of this expedition was the finding of the streams which are tributary to the Condamine and to the Dumaresq, in short, of that network of rivers which forms the Upper Darling system. In the following year Cunningham proceeded by sea to Moreton Bay, with the intention of discovering a practicable route to the Darling Downs from Brisbane. This was during the time Captain Logan was Commandant, and that officer, with characteristic celerity, organized an expedition, in which he took a leading part, to further the object of Cunningham's visit. The party attempted, by following up the recently discovered river Logan to its sources in the mountains, to find a path to the plains beyond the range; but in this they were unsuccessful, and were compelled to retrace their steps to the settlement. Thereupon Cunningham made a fresh start from Limestone (Ipswich), on the Bremer, and on this occasion was entirely successful. He found the eastern outlet of the gap which bears his name, and then crossing the range he reached his old camp.

The most famous explorer of the time, however, was Captain Sturt. In his first journey Sturt discovered the Darling, and traced both the Castlereagh and Macquarie to their junction with the main stream. At the time of his visit a prolonged drought had left its mark on the country, the Darling being quite salt, while the bed of the Castlereagh was destitute of water. The inland sea, in which Oxley had affirmed his belief, was also proved to be non-existent.

In his second expedition, Sturt descended the Murrumbidgee and discovered the Murray, which he followed down to the sea.

During the time this untiring energy was being displayed in the parent settlements, little attention was devoted by the Governor-General to the dependency of Van Diemen's Land, the Lieutenant-Governors being left practically untrammelled so far as local administration was concerned. Lieutenant-Colonel Arthur had succeeded Sorell in May 1824, and towards the end of the following year Governor Darling came from Sydney, for the purpose of formally establishing the island as a separate colony. A constitution of the usual colonial type of the period was granted, providing for an Executive and Legislative Council, with certain circumscribed functions, mainly advisory ; but small as was its check on his authority the new system was felt by the Governor as a clog upon his administration, and he made no pretensions that it was acceptable to him, nor did he in any way modify his methods of government.

From the outset Arthur's rule was extremely unpopular, though, under the conditions of settlement then existing, it would hardly have been possible for a Governor who did his duty to have remained popular. Arthur, however, made no effort or pretence to conciliate public opinion ; he dismissed a popular Attorney-General who opposed him, and adopted extreme measures towards the Press, the liberty of which he strained every nerve to destroy, and he was not the more popular on this account. To the best of his marked ability, however, he strove to promote the interests of religion and education in the colony, and, while he directed the government, many churches were built and many schools were established. For the better administration of the law he divided the island into police districts, with a Stipendiary Magistrate for each district ; but his severity undoubtedly was an efficient means of manufacturing criminals. Many convicts who had been transported from England on trivial charges had their better natures crushed, and were completely brutalized by

the harsh treatment meted out to them for the smallest misdemeanours. A great deal of this ill-treatment may perhaps have been due to the conduct of subordinates, although it is difficult to believe that anything of importance could have happened in Van Diemen's Land without Arthur's being cognizant of it. Be that as it may, towards the end of his term of office he introduced more humane methods in the treatment of the wretched victims of transportation, but even then their condition was pitiable. To the convict who was guilty of infraction of his rules the policy of the Governor never changed, and to the end he proved relentless.

There was a severe recrudescence of bushranging at the end of Governor Sorell's administration, and in the first year of Arthur's rule no fewer than a hundred armed convicts were at large. The reign of terror, which had been such an infamously distinguishing characteristic of the days of Governor Davey, was revived and re-established. When night fell, every house that stood by itself in the bush or in the cultivated areas was strongly barred, bolted, and barricaded, and the safety of the sleeping family was entrusted to one or two of the household, who watched throughout the hours of darkness with firelocks in readiness, their muzzles gleaming through the port-holes, with which necessity had pierced the walls of the homestead. One desperado named Brady, whose lawless deeds are still a tradition, at the head of a gang of armed convicts, ravaged and pillaged the country in all directions. On one occasion this bushranging captain, with a mounted band of outlaws, swept down on the north coast, and captured the town of Sorell; seizing the gaol, they locked the soldiers guarding the place in one of the cells, and liberated the whole of the prisoners. Matters reached such a pass that authority in the island was divided between Colonel Arthur and Captain Brady with other bushranging magnates. The struggle was one of law against lawlessness, and constitutional power did not always get the better of the conflict. Governor Arthur determined to make a strenuous effort to assert the

supremacy of the law. He placed himself at the head of a strong force of military and settlers and hunted down the gangs of outlaws. No fewer than 103 persons suffered capital punishment during the years 1825 and 1826, and organized highway robbery once more ceased to be a reproach to the colony.

The distinguishing feature of Arthur's Governorship was the military campaign which he conducted against the aborigines. His predecessors, Collins, Davey, and Sorell, had done their utmost to protect the natives against the outrages and ill-treatment of the free whites; but all their efforts had proved in vain. On 1st November 1828 Governor Arthur proclaimed martial law, and offered a reward of £5 for every aboriginal adult and £2 for every child captured and brought to headquarters without suffering any injury. Search-parties were at once got together and set forth on their quest. Many captures of aborigines were made by these parties, but unfortunately not without fatal conflicts. At last the Governor determined to put into force a project on which he had long meditated, and which in the end cost the Imperial Government the sum of £30,000. This master-stroke of tactics was an attempt to imprison the natives in an ever-narrowing circle. To this end Governor Arthur ordered a military cordon to be drawn across the island from east to west. Quite a large force was pressed into the work. There were 800 soldiers, the police of the colony, upwards of 700 convict servants, and a number of civilians. It was confidently expected that this force would be sufficient to drive the aborigines into Tasman's Peninsula simply by advancing against them. The whole affair was a gigantic fiasco; the campaign resulted in the capture of a man and a boy, the rest of the natives having silently slipped through the cordon.

The question of land alienation and tenure is dealt with in another place, but as an event of considerable importance it may be mentioned that in 1825 the Van Diemen's Land Company obtained its charter of incorporation from

the Imperial Parliament, and received grants of land in various parts of the colony. Governor Arthur gave much attention to the internal development of the little colony, whose progress was greatly aided by the making of roads, bridges, wharves, and other public works, in the construction of which only bond labour was employed. He had the satisfaction of establishing a bi-weekly mail between Hobart and Launceston instead of the fortnightly service, which he found when he took office, and he reduced the period of transit from seven days to nineteen hours.

In 1834 the first settlement in what is now the State of Victoria was made by two residents of Launceston, the Messrs. Henty, who established themselves in the Portland Bay district, occupied the country with their sheep, and raised grain for their own use. In May 1835 a party headed by John Batman established itself on the banks of the Yarra, and a few months later another under the command of J. P. Fawkner, also from Launceston, arrived and settled down not far from where Batman was camped. Both parties brought with them horses, provisions, stores, and implements requisite for the foundation of a new colony, and with the arrival of these settlers the history of Victoria begins.

The western coasts of Australia had been visited by various explorers, and careful surveys made of the coast line from King George's Sound to Cambridge Gulf during the period from 1818 to 1822, but the reports made were unfavourable, and it was not anticipated that this territory would afford much room for settlement. But if England did not desire to found a colony on the west coast, there was a suspicion hardly ever absent from the minds of the Colonial authorities that the French had such desire, and rumour selected the south-west corner of the continent as the most probable scene of French occupation. Accordingly, Sir Ralph Darling, wishful to forestall the French, sent Major Lockyer with a detachment of the 39th Regiment, and a small party of convicts, numbering in all some seventy-five or eighty souls, to found a settlement at King

George's Sound. This harbour was selected in preference to a port on the west coast on account of its unique advantages as a naval base. Lockyer's expedition landed at the Sound on 25th December 1825, and twelve months later an expedition was despatched from Sydney to re-victual the infant settlement and to examine the Swan River with a view to its occupation.

The expedition returned to Sydney after having accomplished its work, and the persons in charge reported so encouragingly that Governor Darling appealed to the English Government to establish a permanent settlement on the Swan River. The Government at first gave the suggestion favourable consideration, but afterwards, according to the statement of Lord Ripon, decided for reasons of expense not to proceed with it. The matter was then taken up privately, and in November 1828 the Secretary of State for the Colonies received from Thomas Peel, Sir Francis Vincent, and others a memorial asking his sanction to a proposal for forming a settlement in Western Australia. The suggestion was that the promoters should take to the settlement 10,000 persons and a considerable amount of stock, on condition of receiving a grant of land, with an area calculated on the basis of one acre for each sum of 1s. 6d. expended in carrying out their enterprise. They agreed to provide for the needs of their colonists during a certain period, and give to each male adult 200 acres of land out of their grant. The Colonial Office gave very careful consideration to this proposal, and was first disposed to approve of it, but ultimately decided, "on account of the extensive distress which would be occasioned by a failure in any of the objects," to limit the area of the possible grants to 1,000,000 acres, half to be granted on the arrival of the first vessel carrying not less than 400 persons, and if the capital expended before the end of 1840 was sufficient at the rate of 1s. 6d. per acre to cover this grant, the remaining area would be allotted by degrees, as fresh importations of capital and settlers were made. This modification was accepted, but

the Government then proceeded to issue regulations throwing open the lands of the proposed colony to every capitalist who chose to settle therein, granting him also land in proportion to the capital he might introduce.

The original proposers of the scheme then applied for priority in the selection of their land, and this the Government was willing to allow to the extent of 250,000 acres, the Governor, Captain Stirling, being also allowed priority for a grant of 100,000 acres, which was to be made in his favour; other grants were to be issued to colonists in the order of their arrival. By thus throwing open the lands of the colony to all comers, the Government defeated the purpose of the originators of the scheme, who had intended to found a colony on the lines of some of the American colonies, and not merely to develop a huge private estate. The regulations of the Government would deprive their land of a monopoly value without which their design could not be carried out. They therefore withdrew from the affair, with the exception of Peel, who agreed to the conditions of the Government.

An Order in Council was issued in December 1828, supplemented by a later Order, for the encouragement of emigration to the new colony. The English Government indeed refused to incur the cost of a single passage or to undertake the maintenance of emigrants on their arrival in the new land, or their subsequent removal from it if such should be found necessary; but all persons who should arrive before the end of the year 1830 were promised grants of land, free of quit-rent, in proportion to the capital introduced by them, to be invested in the improvement of their holdings, at the rate of 40 acres for every sum of £3 invested, or 1s. 6d. per acre; choice of situation being given to settlers in the order of their arrival. Persons who imported labour were entitled, for the passage of every labouring person and for every woman or child above 10 years of age brought into the colony, to claim land to the extent of 200 acres; the introducer of labour being liable, however, in the event of the necessity arising,

for the future maintenance of any person in respect of whom a land grant was claimed. A condition was also attached to the grants that any lands, which at the end of twenty-one years had not been sufficiently reclaimed or improved, should revert absolutely to the Crown.

The efforts of the English Government to obtain emigrants for the Swan River settlement were successful beyond all anticipation. Few, however, of the eager competitors for land grants knew anything of the character of the country in which they proposed to settle, or of the hardships, difficulties, and dangers that must of necessity beset them. The first vessels to sail from England for the settlement were H.M.S. *Sulphur*, having on board a detachment of the 63rd Regiment of Light Infantry, and the hired transport *Parmelia*, which carried the emigrants and the principal part of the stock and implements. The two ships left England about 14th February 1829, the transport carrying the Lieutenant-Governor and the principal officials of the settlement. Upwards of thirty other vessels followed within a period of eighteen months, and at the close of 1830 there had arrived in the colony—as nearly as can be reckoned, and without counting the detachment of troops and their families—about 1767 persons, bringing with them 101 horses, 583 head of cattle, 7981 sheep, 66 pigs, 36 goats, and a variety of poultry. Between 1st September 1829 and 30th June 1830, the value of the property introduced, upon which land was claimed, amounted to £73,260, equal, at 1s. 6d. per acre, to 976,800 acres, while miscellaneous property, inapplicable to the improvement of land, had been imported to the value of £21,021, making a total of £94,281.

The best land was appropriated on the free grant system so rapidly and so prodigally, that persons arriving within a few months of the first settlement of the colony could find no land available, within easy access of the two rivers, Swan and Canning, along whose course settlement was then only possible. There were at this time no made

roads, and the bush tracks consisted solely of dry, heavy sand ; water carriage was the sole means of transport for produce. The only way, therefore, for a new arrival to obtain land in an accessible position, and suitable for agricultural purposes, was to take over a portion of a block already alienated, guaranteeing to the grantee to perform work in the way of improvements on the part taken, sufficient to secure the whole concession. In such a case the remainder of the property would in all probability be left in a state of nature. In the course of time, and as the result of inability to cope with unaccustomed conditions, numerous would-be settlers left the colony in disgust, but they still retained possession of the immense tracts of land granted to them ; hence settlement was thinly scattered over a wide area, some of the best portions of the territory being unprofitably locked up.

Disastrous also to orderly settlement and the development of the large estates, was the concession granted to any one, arriving before the end of 1830, of taking up grants of land proportionate to the amount of capital, however small, which they could show themselves possessed of. This was a direct incitement to labourers to leave their employment, and it frequently happened that settlers who had been at pains to bring from England a sufficient number of labourers to work their estates, in the expectation of having their services for a long period, found themselves without a single servant and were thus helpless to improve their grants. The labourers themselves in most instances gained no advantage from their action ; they could not obtain a living from their land, and after a short experience were compelled to abandon it. Some sought refuge with their original employers, who, as frequently as not, were no longer in a position to employ them, while others hastened to try their fortune in other parts of Australia.

The re-emigrations prove, if proof were needed, that many of the earliest settlers were persons entirely unqualified for pioneer life and the hardships of existence

confronting those who essay to rough it in a new country. The first immigrants, indeed, comprised mainly gentlemen of culture and good position, their tenderly nurtured families, their indentured servants and agricultural labourers. They included among them retired officers of the Army and Navy, professional men, civil servants, and some of the younger sons of English families of wealth and high social standing. It is not to be wondered at, therefore, that these settlers, landing as they did at an inclement season, and wholly unprepared for the rude experiences they had to undergo, should have sent home reports of a most gloomy and discouraging nature.

In course of time it was found that the expectations formed as to the fertility of the soil had been far too sanguine. Food became scarce, and pastoral and agricultural operations languished from want of capital to stock and till the lands. To these drawbacks were added large losses of stock from disease or from eating the "poison plant," and it became apparent that the young colony could only with the greatest difficulty maintain itself independent of outside assistance. As a last disaster came serious trouble with the natives. Not only were their houses robbed by their dusky foes, their crops torn up by the roots, and their cattle speared, but even the lives of the disheartened settlers were daily in danger, and it was all but determined, on one serious occasion, to abandon the infant settlement; and had it not been for prompt action by the Governor, things would have gone ill with a section of the colony from this menacing source. Taking with him a few armed colonists, the Governor, Sir James Stirling, put himself at the head of a party of soldiers and police, engaged the blacks who had congregated in large numbers at a place called Pinjarrah, and after a smart skirmish put them to flight. In this locally celebrated "Battle of Pinjarrah" a considerable number of natives were killed, and several of the settlers more or less seriously injured. The result was, however, that outrages and depredations on the part of the natives almost wholly

ceased, and the relations between them and the white population ultimately grew to be not unfriendly.

Notwithstanding the fact that a considerable number of the early settlers had returned to England or departed to the eastern colonies, where the conditions of life were less rugged, steady progress was made by those who remained ; but their dream of creating large estates with a prosperous tenantry and a contented labouring population was never realized. Indeed, the colonists, most of whom were not fitted for pioneer work in a new country, had to spend many years of intense labour, doing all kinds of rough unaccustomed work, before they could feel they were producing for themselves much more than the barest living.

Western Australia had in its origin no connection with the eastern colonies, and in this period was in a position of isolation, cut off by 2000 miles of unknown territory from its nearest neighbour, and rarely visited by the ocean carriers of commerce. In all transactions it was to England that the western settlement looked ; indeed, it may be said that west and east had little acquaintance and nothing in common, and for all practical purposes, so far as concerns the industrial history of Australia during the second period, Western Australia can scarcely be said to have existed.

Darling, who was the Governor of the eastern colonies when the settlement at the Swan River was founded, was succeeded in 1831 by Sir Richard Bourke. Up to this period the exploration of the country had been somewhat in the nature of irregular excursions into the unknown ; under Bourke it assumed a more orderly aspect, especially when Sir Thomas Mitchell became Surveyor-General. Mitchell's explorations were of the utmost value to the colony. In his first expedition he made a careful examination of the country northward from the Liverpool Plains ; his second had for its object the closer exploration of the country between the Bogan and the Darling. On this occasion his experience was far different from that of Sturt ; he found the country all well grassed, while the Darling was no longer a salt stream, but a stately river.

Mitchell established a depot at Fort Bourke, and explored the river's course for some three hundred miles. His discoveries had made certain what had previously been in doubt, the connection of the Darling with the Namoi, Gwydir, and Condamine; and he therefore determined to make sure also whether the Darling joined the Murray or flowed away westward. Next year, therefore (1836), he proceeded down the Lachlan to the Murrumbidgee, thence along that river and the Murray till he met the stream which Sturt had taken to be the Darling. Having made certain that Sturt's idea was correct, he then turned back with the object of ascertaining the connexion between the Murray and the series of rivers discovered by Hume on the journey to which reference has already been made. When he reached the Loddon he ascended Mount Hope and Pyramid Hill, and obtained the first vision of a country which so charmed him that he gave it the name of Australia Felix. Passing through this district, he crossed the Loddon and Avoca rivers to the head-waters of the Wimmera, and later on reached the Glenelg. This stream he followed down to its estuary, and then turned eastward to Portland Bay, where he came upon the settlement of the brothers Henty. On his return journey Mitchell ascended Mount Macedon, whence he viewed the grassy plains stretching away to Port Phillip; then, retracing his steps to his camp near Castlemaine, he proceeded from this point to the River Murray, which he crossed a little below the present site of Albury. Mitchell soon afterwards made a triumphal entry into Sydney, after an absence of seven months' duration.

The events herein recorded do not disclose anything of surpassing interest, but it must be remembered that the aim of the chapter is not to cover the whole of the happenings of the period, but to deal with those only that have direct relation to industrial affairs or help to explain developments which are elsewhere discussed. Much has been said about exploration, but exploration was the great prepossession of the Australian mind, from the passage of the mountains until the end of the second period, and

indeed far beyond it. In 1838 the expectation of vast discoveries yet to be made agitated the whole population ; the fringe of the continent had become known, but the interior was still a great enigma.

During this period there was a gradual recognition in England that Australia was a field for colonization, and not merely a dumping-ground for convicts. This change of view was due partly to the changed conditions in Australia, but chiefly to the changed condition of the population in Great Britain itself, where the close of the Napoleonic wars and the dislocation of industry caused by the introduction of machinery had brought about widespread unemployment and destitution. Some relief was essential, and statesmen became converted to the idea that emigration was not necessarily a serious weakening of the parent State, but a desirable thing if the means to carry it out on a large scale could be found, whence came the project of a settlement in Western Australia, the foundation of South Australia, and the conversion of New South Wales from a penal settlement into a true colony. The full realization of the new policy was not made during this period either in England or in Australia, but it is important to mark its beginnings, leaving the tracing of its development to the next period.

II

CONVICT LABOUR : ASSIGNMENT

DURING this second period the industrial importance of bond labour, as compared with free, was sensibly diminished year by year owing to the influx of voluntary immigrants, although in actual numbers the convict population, including persons on ticket-of-leave, even at the close of the period, exceeded the free adult population, immigrant and emancipist combined. The bond population was divided into three distinct classes much the same as in the previous period : those supported by the Government, those assigned to private employers, and those who, being released on ticket-of-leave, maintained themselves by their own exertions.

The convicts retained by Government were of various grades : the lowest were those sent to a penal settlement or working in the ironed gangs ; the next grade were employed in the erection of Government buildings or at work on the Government farms ; and the highest grade were the constables, clerks, overseers, and others holding positions which, ordinarily, would have been filled by free persons. The convicts in the penal settlements and in the ironed gangs were, both in New South Wales and Van Diemen's Land, almost without exception persons suffering for offences committed after transportation ; occasionally prisoners transported for peculiarly serious and revolting crimes were on their arrival in Australia placed in irons or sent to a penal settlement, but this procedure was of doubtful legality and not often resorted to. At the beginning of the period there were penal

settlements at Norfolk Island and Newcastle, but that at Newcastle was soon given up and two other stations were established, one at Port Macquarie in 1822 and the other at Moreton Bay in 1824. In Van Diemen's Land there were penal settlements at Macquarie Harbour and at Port Arthur. The underlying motive for the establishment of a penal settlement within a penal settlement, was to have a place remote from the public eye where the most rigid discipline could be maintained and punishments inflicted without check or remonstrance. No thought of reforming their charges ever entered the minds of the authorities of these penal settlements, and over their portals was most surely inscribed, "All hope abandon, ye who enter here." The convicts were kept at work from daylight until dark with intermission for meals only, their work was made as irksome and difficult as possible, and such as could readily be measured and supervised, so that the very utmost could be exacted from them. Agriculture was the chief employment, and especially the cultivation of grain. The growing of fruit, flowers, tobacco, and other articles of luxury was strictly forbidden, and the use of horses, machinery, and implements other than those of the simplest character was avoided; the hoe and the spade were the tools mainly in use. There was scarcely any disguise that the end and aim of all the work undertaken was punishment; that it might be incidentally valuable was an accident of which no account was taken. The penal settlements were cut off completely from intercourse with the rest of the colony; ships were allowed to visit them only on the rarest occasions, and when they arrived the greatest precautions were taken to prevent any communication reaching the convicts, and the activities of the officials in command were limited in such a way as to prevent any laxity in their employment of convict labour. But even in these abodes of horror some slight distinction was made amongst the prisoners, the favoured few being relieved of their leg-irons and allowed a small quantity of tobacco in addition to their ration of bread and meat.

There is abundant contemporary testimony that the condition of the unfortunates condemned to the penal settlements was of such unrelieved and hopeless misery, that many of them sought death as a happy alternative to further suffering, and for many years after the settlements had been broken up there lingered on in the asylums and gaols of the colonies hundreds of demented creatures, ghastly witnesses of the inhumanity of the convict system. It was impossible, of course, to hide the conditions prevailing in the settlements altogether from public view, but the authorities were beyond the reach of public opinion or of public indignation so long as it was merely local, and it was not until pressure from England was brought to bear on the responsible parties that there was a change for the better.

Another section of convicts under punishment were the men who worked in chains upon the public roads; these were usually called the ironed gangs. They were mainly transportees under colonial sentence, and amongst them were persons who had been sent by a magistrate to work on the roads, as a punishment for insubordination or other offence against the employers to whom they had been assigned. The power of a magistrate to remove an assigned convict from his master and send him to the ironed gang existed throughout nearly the whole period during which transportation lasted, being only taken away in 1835, when it was placed in the hands of the Governor acting through the chief superintendent of convicts.

The remainder of the convicts in Government employment were not undergoing special punishment. They comprised the men constructing buildings, the parties who made and repaired the roads, the clearing gangs who cleared land about to be taken into cultivation, the workers on the Government farms, and a considerable portion of the police force. Amongst these persons were naturally some of superior qualifications retained specially to fill responsible positions, but there were also many inferior men who would not be accepted as assigned servants, and

the less docile or competent who did not please their masters, and who were returned by them to Government employment.

The keenness of Macquarie to adorn his capital with public buildings, and to carry out a policy of road construction even beyond the needs of settlement, led him to retain the best of the convicts of all classes and the majority of the useful tradesmen in Government employ, and during the earlier part of his régime it was difficult for masters to obtain servants who would be useful to them. Bigge reported very unfavourably in regard to Macquarie's policy in this matter. In view of the condition of the colony he thought it impolitic to retain the most useful convicts in Government service, especially as he considered a large proportion of the works, upon which they were engaged, to be unnecessary. He objected particularly to the large number, ranging from seven to twelve hundred, employed in Sydney, and recommended that the Government gangs should be broken up and the men distributed. Sir Thomas Brisbane adopted most of Bigge's suggestions. The men employed on the three Government farms were retained, as well as those engaged in clearing land for occupation, but he broke up the building and road-making gangs so completely that in 1826 it was reported that not a road in the colony was in a decent state of repair. The men thus made available were distributed amongst private employers.

In general, the men employed by the Government worked ten hours a day and were provided with rations and clothing. In Sydney lodging was provided for Government men in a barracks erected by Macquarie, and in the country districts and on the roads in huts specially erected. The men were no longer allowed to hire themselves out after Government hours were over, nor to live in homes of their own, though this latter privilege was for special reasons still conceded to a few. The great difficulty in dealing with convicts in Government employ was in the exaction of a reasonable amount of labour from them. They had

practically no incentive to diligence, and usually the amount of work which they performed depended upon the strictness of the supervision. It was very difficult to obtain suitable men for the office of overseer, more difficult even than in the preceding period. Freemen with the necessary qualifications were few in number and required a high rate of pay, and there was a growing sentiment against accepting such employment. The overseers were usually drawn from ticket-of-leave men or even from convicts still under sentence. In Macquarie's time the overseers received extra rations, and the labour of two or three convicts was allotted them; naturally the most capable and hardworking convicts found their way into the service of the overseers, who for a consideration allowed them the privilege of working on their own account. For this objectionable system Brisbane substituted a direct payment to the overseer proportionate to the work done by the men under him. In no circumstances would this have been justifiable, and under the administration of men who themselves had been transported for crime there arose many hideous abuses.

In Van Diemen's Land the discipline of the convicts in Government employment was favourably reported on by Bigge, and the condition of their employment remained for a time much the same as already described in the first period. Large numbers of those in Government employ in Hobart ceased work at 3 o'clock and provided a lodging for themselves by their labour after that hour, many of them earning in this way about 10s. a week. This was the more pleasing side of convict life on the Island. There was another side not so pleasing, represented by the infamies perpetrated at Port Arthur, which continued almost unabated to the end.

The women convicts were much less numerous than men, but a proportionately larger number of them remained with the Government. This was from necessity rather than from choice, as until late in the period it was difficult to get women placed in eligible assignment. The majority

of the women not in assigned service lived at the factory at Parramatta; a few were in the gaols, and some, comprising the worst offenders, were at the penal settlement at Moreton Bay. The factory at Parramatta was a most unsuitable place for the retention of the female convicts. The accommodation at the beginning of the period was quite insufficient, and for that reason no proper classification of the inmates was attempted, the only distinction attempted being between those who were waiting to be assigned to private employers, and those who were undergoing some form of punishment. The nominal employment assigned to all women in the factory was the different processes connected with the woollen and flax manufacture, chiefly spinning, but as a large number of the women had young children with them the average amount of work done was usually very slight. There was the same difficulty as to the superintendence of the women's work as to that of the men. The method of paying the overseers by the quantity of work done was introduced under Brisbane, with the result that the better women were retained in the factory, though the Government aimed at dispersing them throughout the colony. This payment by results was ultimately abandoned, and various other systems tried, but at no time was the supervision of women convicts in the factories entirely satisfactory. About the middle of the period the class of women sent to Australia was much improved, as compared with those transported under Brisbane and his predecessors, and the authorities were able to place large numbers in assigned service, much to the satisfaction of the settlers, who were by no means prudish as to the records of their servants, provided the service rendered by them was not altogether unsatisfactory.

The English authorities wished to encourage assignment, largely from motives of economy, because every convict assigned to a private employer meant a saving to the Government of from £12 to £14 a year, and they were all the more willing to make this saving as it was believed

that private employment afforded the convicts a better chance of reformation. Macquarie made no effort to carry out his instructions to place every available convict in private employ, but at the close of his administration the Government stipulated that persons who received grants of land should take into their service, or at least maintain, a certain number of convicts, the prescribed proportion being one convict for each 100 acres. But this, as events proved, was quite an unnecessary provision; employers were always willing to accept assigned servants provided there was a fair distribution of them, and the best men were not retained for Government work. When Brisbane assumed the government of the colony he altered the practice of his predecessor, and, as already described, hastened to break up the Government gangs and distributed the bulk of the convict mechanics among the settlers, retaining only such as were absolutely necessary for works in progress. But he looked upon these men as valuable aids to employers, and by a regulation, issued in December 1821, he required any employer who accepted a mechanic to pay 3s. 6d. weekly to the Government for his services. The condition of settlement was such that, though the charge for a convict's services was greatly resented, the settlers were very glad to accept capable mechanics on assignment, and for a few years the Government reaped a considerable revenue from this source. The inequality of making the same charge for each mechanic, independently of his personal value was obvious; employers constantly allowed their payments to fall into arrear, and as every settler was opposed to the regulation, Brisbane's successor, Sir Ralph Darling, yielded to the pressure brought upon him and the charge for mechanics was discontinued in 1827.

Under Brisbane's rule assignment was conducted more impartially than it had been before, employers receiving, as far as possible, in the order of their application the servants for whom they applied, and as immigration, principally of persons possessed of small capital, was

encouraged, the demand for convict labour was equal to the supply. Under former administrations assigned servants had been forced upon the settlers by making the support of one or more convicts a condition of receiving a grant; other means, such as the return or remission of quit-rents, had also been employed, but after the alterations in the procedure made by Brisbane, these inducements became no longer necessary, as the attitude of settlers towards the system underwent a radical change. In December 1824 it was officially announced that a policy of encouraging, rather than compelling, the employment of convicts by persons who received land grants would be adopted. In Macquarie's time there were ten convicts in Government employ to every six in assigned service, whereas in 1827 there were only ten in Government employ to twenty-six in assignment, the actual numbers being between 4200 and 4800 male convicts working for the Government, and between 11,500 and 12,000 for private persons; and the proportion of women privately employed was even greater. As early as the year 1826 the application for men convicts exceeded the supply, and the Governor was in a position to withdraw convicts from the employment of persons who were considered unfit to have assigned servants. Two regulations issued in 1826 emphasize the changed position which the demand for servants had created; the first directed that persons who treated their convict servants with undue severity should not only be punished as the law directed, but should be debarred from receiving assigned servants in future; the second withdrew from persons on ticket-of-leave the privilege of obtaining convict servants. This last-mentioned regulation was resented greatly by the persons affected and regarded as a symptom of Darling's unfavourable attitude toward the emancipist class. Various reasons have been urged in explanation of Darling's action, and by some it has been alleged that ticket-of-leave men were unduly harsh to their servants, but Bigge accused them of too great leniency and conniving at irregularities that free immigrants would not

tolerate ; the probabilities are there were more extremes of ill-treatment and undue leniency shown by the emancipists than by any other class of employers, but it is obvious it was open to Darling to refrain from allowing the assignment of convict servants to persons who had themselves been convicts, without incurring any reproach for want of adequate reasons.

The demand for assigned servants did not decline as the period advanced, in spite of a considerable influx of free labour. In New South Wales in 1835 over 20,000 convicts were assigned out of a total of 27,000, and in Van Diemen's Land during the following year 6475 convicts were in private employ out of a total of about 13,000. So great was the demand that the Governor was able to carry out an idea, which had long been in favour, that is to proportion the number of assigned servants to the amount of land held, and as far as possible to remove the convicts from the towns. Various regulations were issued dealing with this matter—the last and most elaborate being those of 1835. Under these regulations landowners were to receive one assigned convict for each 160 acres up to 1280 acres, and afterwards two men for each 640 acres, with an allowance of an extra man for every 40 acres under plough or hoe culture, up to 640 acres. The maximum number of labourers assigned to any one person was at first fixed at seventy, but afterwards reduced to twenty, and so remained until the system of assignment itself was abolished. For the purpose of the regulations one mechanic was to be estimated as equivalent to two or three labourers. No mechanics were assignable on account of land in the districts of Sydney, Parramatta, Windsor, or Liverpool, nor were any labourers to be assigned in Sydney. On the other hand, convicts skilled in certain trades, bakers, candlemakers, slaters, printers, and others, might be distributed in any part of the colony, to employers in these callings who possessed no qualification of land, and in the same way any respectable settler might receive domestic servants, male or female, without regard to the extent of his possessions.

There were always a number of women in the factory at Parramatta awaiting employers. Women as a rule were much more difficult to manage than men; there were amongst them many very abandoned characters, but there were also some women, retained in the factory, who would have made good servants if places could have been found for them. Since the instructions given by Lord Castlereagh, for the better care of women convicts, there was a marked improvement in the administration, and though not always faithfully applied, there was a rule that none but reputable persons should have women servants assigned to them. Where an applicant was not well known to the authorities, his application for a woman servant had to be supported by the evidence of a clergyman or a magistrate, otherwise it was refused.

Whatever the Government could do by regulation was done, for the comfort of assigned servants. A certain mode of treatment was prescribed, the amount and quality of the rations and clothing were fixed, and a suitable lodging ordered; but much depended upon the humanity of the masters. The large increase of the flocks, which followed the passage of the mountains, made beef and mutton fairly cheap, and enabled the dietary of the convicts to be greatly improved. In 1836 the weekly ration prescribed in New South Wales was 12 lbs. of wheat or 9 lbs. of seconds flour (of which 3 lbs. of wheat or 2 lbs. of flour might be replaced by $3\frac{1}{2}$ lbs. of maize or barley meal), 7 lbs. of beef or mutton or $4\frac{1}{2}$ lbs. of salt pork, 2 oz. of salt and 2 oz. of soap. The yearly allowance of clothing consisted of two frocks or jackets, three shirts, two pairs of trousers, three pairs of shoes, and one hat or cap, and the employer was also bound to provide one good blanket and a palliasse or wool mattress for the use of each servant. In addition to the allowances just described, assigned servants claimed to be entitled to receive wages under Macquarie's regulation of 1816, which remained unrepealed. These wages were, however, seldom or never paid, except to mechanics in Sydney, and it was contrary to the policy of Macquarie's successors

and of the authorities in England that they should be paid. The regulation was allowed to stand because the authorities considered it inexpedient to change the law so long as what they wished for was attained. The aim of the regulation had been the subject of considerable discussion, and the magistrates decided, with the full concurrence of the Government, that it was inexpedient that convicts should be in possession of money, and if the master of an assigned servant supplied him with a fair addition to the prescribed rations, that should be taken as a complete set-off to the money wages payable under the regulations. During the earlier years of Brisbane's administration the matter was frequently brought before the courts by dissatisfied servants, but the decisions were uniformly against them, and it came to be accepted that where a master supplied a more generous diet to his servant than the regulations demanded, he was thereby liquidating his obligation to pay the prescribed money wage of £10 a year.

There was, however, a limited class of convicts skilled in mechanical trades who could not be so dealt with, and who could claim not merely the allowance prescribed by law but liberal wages; such assigned servants only differed from free labourers in that they could not choose their own masters, and that they were subjected to severer punishment if they committed an offence. The position of this class may be illustrated by the case of the convict printers in Sydney. There were employed on the *Sydney Gazette* some ten assigned convicts working as compositors; these men were paid wages ranging from 25s. a week to 50s. with an average of 28s. 6d., while the freemen employed on the same work did not average more than 30s. per week. This is the statement of the proprietor of the paper, which might perhaps be taken with some qualification as illustrating a special but not a general case, but there is abundant testimony that a certain class of assigned servants received wages sufficient to enable them to live with some degree of comfort.

In a despatch on the subject of assignment, which was

laid before the Committee on Transportation in 1838, Sir R. Bourke said that the Government did not recognize the practice of paying any wages whatever to convicts, but that there were many, especially mechanics and domestic servants, who did receive wages, because it was to the interest of their masters to conciliate them. The evidence placed before the select committee led them to the conclusion that the life of an assigned convict was fairly comfortable, but it was just then the fashion in Australia to put a good face on all matters affecting transportation, and it is impossible from the evidence now available to conclude, as the committee did, that domestic assigned servants were well fed and clothed, and that the men received £10 to £15 a year in addition; that convict mechanics were as well treated and obtained wages, and that assigned farm servants were either paid or given tea, sugar, tobacco, and spirits. The payment of wages was undoubtedly the exception, not the rule, and was confined to cases where, as Sir Richard Bourke said, it was necessary for a master to conciliate his servant. Where there was no such necessity, money payments to convict servants were very exceptional.

In Van Diemen's Land the condition of the assigned servants did not differ greatly from that of their fellows in New South Wales. During the early years of the second period the prescribed rations were similar, and those actually given to assigned servants were rather more liberal than in New South Wales; but in 1833, owing to a greater scarcity of stock, the allowance of meat was reduced to the Government scale, which was $\frac{3}{4}$ lb. of fresh or salt meat, $1\frac{1}{2}$ lbs. of bread, 4 oz. of flour, and $1\frac{1}{2}$ lbs. of potatoes daily, with the usual weekly allowance of salt and soap. Macquarie's regulations of 1816 applied to Van Diemen's Land, and were interpreted there much in the same way as in New South Wales, wages being paid only when the payment could not be avoided. Masters supplemented the allowances prescribed by law, especially by the gift of additional clothing suited to the colder climate of the

country as compared with that of Australia. Governor Arthur, who was opposed to the payment of money wages, was also averse from supplementary wages in kind being left practically at the discretion of the master, and solved the difficulty in 1826, when stores were being opened in all centres of population, by issuing a regulation fixing the allowance of extra clothing to be given to convict servants, and repealing Macquarie's wage allowance of £10 and £7, to men and women respectively. After 1826 it was made illegal for employers in Van Diemen's Land to pay wages to their assigned servants, and a master who persisted in paying money to his servants was liable to have them taken from him. It was impossible to put an end to the practice so long as it was to a master's interest to keep to it, and it is clear that in spite of Arthur's prohibition, while many masters gave extra rations of tea and other articles in lieu of money, some masters gave their assigned servants an actual money wage.

Both in New South Wales and Van Diemen's Land the treatment of the assigned convicts was such as their masters chose to mete out to them. As regards food, clothing, and lodging, while some masters gave their servants far more than was required of them and some only the legal quantity, in a considerable number of cases assigned servants were ill fed, ill clothed, and badly housed. It was possible for a convict, who was ill used or ill provided for, to appeal to a magistrate, and cases are recorded in which servants were removed from their masters in consequence of such appeals, but in the majority of cases there was no redress whatever, and convicts suffered from the inhumanity of their masters or their overseers without hope of redress. The records give ample evidence that men convicted of trivial offences and sentenced to transportation, were goaded by ill-treatment from one act of insubordination to another, for each of which they were severely punished, and in the end became convicts of the most desperate character. In 1833 there were in New South Wales 2000 summary convictions among 28,000 convicts,

and 9000 lashes ordered by the magistrates during the short space of a month. In Van Diemen's Land there were in the same period 1250 summary convictions and 4250 lashes amongst 15,000 convicts. It is easy to understand that even this record understates the amount of punishment inflicted. Single magistrates had power of hearing a complaint, and as magistrates were numerous, it was customary for a master who desired to punish a servant to send him to a neighbouring magistrate, who, himself being the holder of assigned servants, would know what was required of him, and summary punishment would be given to the offender without undue formalities or loss of time. The extent to which the ill-treatment of assigned servants was carried was not a thing which could be known with any accuracy, as records were not always kept. The authorities in the colonies of course knew that there was ill-treatment, but they conceived that as it was to the interest of a master to obtain from his servant willing and zealous service, which would not be given if he were the subject of ill-treatment, there was always that safeguard in favour of the convict. But whatever reliance may be placed on self-interest to teach men to treat well the instruments of their gain, whether they be men or beasts, these instruments have no protection against ebullitions of temper and personal dislikes, warranted or unwarranted. Many cases of alleged ill-treatment were brought to the notice of the authorities, and in scandalous cases action was taken, but as a rule during the whole period over which the assignment system extended convict servants were almost entirely at the mercy of their masters. In 1834 occurred the celebrated Castle Forbes case, for which six assigned servants of Major Mudie were tried and convicted of mutiny and sentenced to be executed. The sentence was duly carried out. The unfortunate convicts made no attempt to deny the fact that they had mutinied, but they urged that Major Mudie's treatment of them was so brutal that they were driven to take the course they had adopted. After the men were executed, a commission

was appointed to inquire into the circumstances of the case, with the result that the convicts' allegations were virtually sustained, and as a small measure of justice Major Mudie's other servants were taken from him, and his name removed from the roll of magistrates.

Such being the condition of a large number of assigned servants, it is not to be wondered at that the bushranging gangs were recruited continually from their ranks. Crimes against life and property were extremely frequent, and in 1830 the evil had become so great in New South Wales that a stringent Bushranging Act was passed, and a body of mounted police enrolled, whose special duty was to hunt down bushrangers wherever they appeared. In Van Diemen's Land order was firmly maintained after the pest had been stamped out by Arthur in 1826, but it was at the cost of the severest treatment and the imposition of the greatest restraints upon the free portion of the population.

From the earliest days there was a sentiment inconsistent with the continuance of transportation ; many of the persons concerned in founding the colony considered that they were engaged in establishing a new home for the British people, and saw with the author of the " Botanic Garden "—

Embellished villas crown the landscape scene,
Farms wave with gold and orchards blush between,

an idyllic state not compatible with the conditions that were speedily created in Australia. When colonization extended, and men became acquainted with the splendid beauty and the manifold resources of their new home, there were naturally some who asked themselves whether all these were to be sacrificed to the needs of a " big gaol growing still bigger " ; but the large majority of the population, especially those who were influential, supported transportation, not only because it was the policy of the English Government and the *raison d'être* of the colony, but as the only means by which they and other employers could

obtain a supply of labour, for the development of the industries in which they were engaged. More active opposition to transportation began when the actual and potential iniquities of the convict system were realized, but, even then, those who were strongest in their condemnation of the barbarities practised in the name of law and order, could dull their consciences with the hope that barbarity was not the necessary concomitant of the convict system, and that regulations mercifully applied might effect a change in the character of the transportees, and make them useful members of society, without depriving the infant settlement of its supply of labour.

The emancipists who became possessed of property were not opposed to the continuation of transportation, indeed many of them were strong supporters of the system. As regards the free immigrants, so long as they were few and comprised persons who came to the settlement without any inducement from the Government, the argument on which Macquarie's policy was based was unanswerable: "New South Wales was a penal settlement intended for actual convicts or convicts who had served their sentences; other free people who came to the colony came merely on sufferance, and had no right to complain of the conditions of a community into which they had voluntarily entered." Even the exclusives or the "pure merino party," bitterly antagonistic as they were to the emancipists, were not opposed to transportation itself, which they found an excellent means of supplying them with cheap labour, and which in their view would have been an ideal system, if only their enemies the emancipists could have been kept in bondage. The policy of the English Government was to reserve Eastern Australia for convict settlements, and no objection was offered to the colonization of the rest of the continent by free immigrants: hence the assent given to the establishment of colonies at the Swan River and at Adelaide. But when the English Government turned to emigration as a relief for the unemployment that menaced the industrial life of the Home Country, and encouraged

and aided free immigration to Australia, the death-knell of transportation as an organized system was sounded. The relief of the crowded prisons was a work of great importance, but the mitigation of unemployment was a matter of imperious necessity, and the application of the two expedients at the same time to the same colony was bound to be fatal to one of them.

There was organized opposition in New South Wales itself to transportation during the ten years which preceded its abolition, but it can hardly be said to have been taken seriously. The death-blow to the system was given in England, where there was a large body of public opinion strongly opposed to the assignment of convicts to private employers, which was deemed to be a scarcely disguised form of slavery, and to transportation on account of the moral evils which were alleged to be inseparable from it. As early as 1832, the well-known Archbishop Whately of Dublin sought to rouse public opinion against the transportation of criminals to distant colonies, and he did not relax his efforts until his object was accomplished. According to the Archbishop, transportation was a national sin involving ruinous consequences to the convicts themselves and to the colony that received them. Various replies were made both to the arguments of Whately and to his statement of facts, and, amongst others less acquainted with the system, by Arthur who had governed Tasmania from 1824 to 1836, and whose knowledge of the facts of the situation might have been considered unrivalled, and by Archdeacon Broughton, afterwards Bishop of Sydney. These replies were not deemed convincing, either by the public or by Parliament; in 1837 a select committee was appointed by the House of Commons to inquire into the matter, and on the committee were various members who stood high in the public estimation. The committee made a Progress Report in 1838, and was reappointed, concluding its labours in 1839, after taking a large amount of evidence. Its final report was a very elaborate document giving a lucid account of the history of transportation to Australia,

and of the condition of the settlements ; it condemned the system, the continuation of which it declared could not be justified for any benefit which it gave to Great Britain, and must be condemned for the evils inflicted on Australia. The committee recommended " that transportation to New South Wales and the settled districts of Van Diemen's Land should be discontinued as soon as practicable." The proceedings of the select committee naturally attracted much attention in Australia, and a petition was presented to Governor Gipps from certain magistrates, landowners, and others, asking for an inquiry into the working of the systems of transportation and assignment, and denying the correctness of the condemnatory evidence given in England. This local inquiry could doubtless be relied upon to provide a counterblast to the House of Commons' Committee, but Gipps rightly considered that it would be regarded in England as prejudiced, and would in other ways be ineffective. The Legislative Council supported the petitioners so far as to declare " that the sudden discontinuance of transportation and assignment, by depriving colonists of convict labour, must necessarily curtail the means of purchasing crown lands, and consequently the supply of funds for the purposes of immigration." Gipps was not opposed to transportation, and, if he were to judge by the applications pouring in to him for assigned servants, he must have concluded that the system was highly valued as a means of obtaining much-needed labour. He forwarded the petitions he had received, as well as the resolutions of the Legislative Council, to the Secretary of State, and he also sent on a proposal for the discontinuance of assignments in Sydney and the towns, and by that means adding to the stock of convict labour available for predial purposes. In the face of the evidence given to the select committee the Secretary of State paid little attention to the representations of the local Legislative Council, and wrote to Gipps that his proposal to restrict assignment to country districts was approved " as a step towards the entire discontinuance of assignment throughout the colony,

at as early a period as practicable." This decision and the report of the select committee recommending the entire abolition of transportation, were received in Australia with considerable resentment by the larger and more important part of the community. A public meeting was held in Sydney on 9th February 1839 in favour of the continuance of transportation, and a petition adopted and signed by upwards of four thousand persons supporting the views of the meeting. This petition emanated from the emancipist class, and denounced much of the evidence given before the House of Commons' Committee as false and delusive. Besides the emancipists, who, strangely enough, considered their characters were identified with a continuance of convictism, the majority of the landowners and employers, as well as all persons interested in Government supplies, desired that transportation should be continued. The former saw in transportation their only means of obtaining a supply of cheap labour, and the latter that the cessation of transportation would deprive them of a very important portion of their income. The opposition came mainly, though not entirely, from immigrants of the working class. To them there was abundant evidence of the moral evils falling on the community as a whole by reason of the presence of so large a number of convicts and ex-convicts. But besides this objection to convictism on the score of morality, the immigrants had the economic objection that the standard of their wages was depressed by the fact that free labour was employed only in the absence of available assigned convict labour; and where free labour was in demand, the ticket-of-leave man, not having the burden of a family, would as a rule accept lower wages than other free labourers, and thus obtain preference whenever his labour was worth accepting.

The opinions of the people resident in Australia were, however, not a factor in determining whether transportation should or should not be continued, for, so far as New South Wales was concerned, the minds of the authorities were already made up. It was otherwise with Van

Diemen's Land, in regard to which it was intended that an opposite policy should be pursued. Early in 1839 an important public meeting was held at Launceston, attended by many persons of undoubted standing and respectability, at which resolutions against the sudden cessation of transportation were adopted, and a petition embodying them prepared for presentation to the Queen. This petition, unlike a similar one from Sydney, was graciously received in England, as the authorities were glad to have support in their design to continue to Van Diemen's Land the privilege of receiving the scum of the British prisons.

On 11th May 1839 a despatch was sent by Lord Glenelg to Gipps, instructing him that "all convicts arriving in future from the United Kingdom are to be transported to Norfolk Island, and they are not to be assigned to private individuals during any part of their servitude; the assignment regulations applying henceforward to convicts already in the colony, the settlers must be prepared for the immediate diminution of assignment and the speedy discontinuance of it altogether." To complete the emancipation of the colony the cessation of transportation had yet to be decreed, and on 22nd May 1840 an Order-in-Council was passed revoking existing orders as to places to which convicts could be transported, and making Van Diemen's Land and its dependent islands and Norfolk Island the only places in the southern seas to which convicts under sentence of transportation could be sent; Lord John Russell completed the doom of the system by declaring that "in August 1840 transportation to New South Wales would cease for ever."

The cost to the British Government of the convict system was considerable. Up to the year 1837, 50,297 convicts had been sent to New South Wales, and 27,659 to Van Diemen's Land, at an expenditure of about £7,000,000, or roughly £90 per head, on charges of every kind connected with the colonies; but a large number of these convicts would have passed long terms in English gaols if they had not been transported, and the cost of

retaining them in England would probably have been as great as sending them beyond the seas, and regarded from the point of view of the reformation of prisoners, the worst that can be said is, that transportation was not more ineffective than were the English prisons of the time.

The ticket-of-leave men, who formed the third section of the convict population, were to all intents and purposes free, and remained so, as long as they behaved well and remained in the districts to which they belonged. They were allowed to hire themselves out or to engage in any sort of business on their own account. Many of them became wealthy before they obtained the freedom to which the ticket-of-leave was a preliminary, and in 1826 they were reported to be, as a class, "rich and respectable." The wage-earners among them found no difficulty in obtaining work, and, as they had had experience in the colony, they were often preferred to lately arrived emigrants, especially as they were usually well behaved—better behaved, indeed, than the men who had become free. Towards the close of the period, by a somewhat strained interpretation of the law, it was decided by the courts that they could not sue for wages or other moneys due to them, and were therefore under a grave disability in all matters of business—a disability of which advantage was frequently taken by the more fortunate convicts who had become free by pardon or by serving the term of their sentences.

The principles on which tickets-of-leave were granted were somewhat haphazard, even as late as the Macquarie period, and a convict depended practically upon the recommendation of his employer as to whether he would be required to serve his whole sentence or whether any portion would be remitted. Various attempts were made to alter this condition of affairs, but it was maintained, in obedience to the dictum that every case of remission of sentence must be dealt with on its merits. This rule would have been worthy of all support if the cases of all the convicts had been considered from time to time by the

Governor or his advisers, but as settlement extended and the number of the bond population increased, there was little chance of a man's conduct being considered, unless attention was drawn to it by his master, and a large section of the masters refused to recommend any remission of sentence to their servants. Brisbane changed the system, and published a scale of remissions under which a convict became eligible for a ticket-of-leave after a certain portion of his sentence had been served. Thus a man sentenced to seven years' penal servitude was eligible for a ticket-of-leave after four years, and a woman with a similar sentence after two years; a man under sentence for fourteen years was made eligible for ticket-of-leave after the lapse of six, and a woman after three years; men serving life sentences were eligible after eight years, and women after four years, provided there had been no occasion to complain of their behaviour.

In order to carry out the principles of the new regulations, a Board of three magistrates was appointed to receive and report on applications for ticket-of-leave. Many abuses were soon brought to light. It was found that some employers, unwilling to lose good servants, would not recommend them for ticket-of-leave; some even made it a practice to bring small charges against their men in order to retain their services for a longer period. To cure this evil two changes were introduced: first, it was ordered that the personal recommendation of a master was not necessary for the remission of a convict servant's sentence, and secondly, any servant convicted of an offence against his master was, after punishment, to be removed from his employ. These changes were in the main effective for the purposes intended, but evils of an opposite kind sprang up. Convicts learned that it might be to their interest not to be of great value to their masters, and many of them acted accordingly—skilled workmen represented themselves as mere labourers, and men, who wished to obtain release from a master's service or removal from a district distasteful to them, committed minor faults which could

not be overlooked, and put up with the consequent punishment to obtain the end they had in view.

The system of assignment was condemned by the English Committee of 1839 as practically a sort of slavery, which was undoubtedly true; nevertheless the worst features of transportation were displayed in the Government establishments. The convicts there came under a rule of inhuman severity, ruthlessly applied. Assigned servants might be fortunate or unfortunate in their service, but the Government service offered no prizes. Herded together in a manner which promoted every form of vice, the reform of such unfortunates was hopeless.

The condition of a convict transported to Australia thus varied to any degree between the limits of well-paid and comfortable service and unmitigated hardship. After sentence had been passed on him in England his subsequent treatment bore little or no relation to his original crime; this fact was well understood in criminal circles, and to a large extent robbed transportation of its terrors for English criminals.

The main road to wealth had always been open to the emancipists, as from the first they were made eligible for grants of land and no restrictions were placed upon their pursuits, commercial or professional. The great bulk of them were naturally to be found among the poorer classes, the labourers and small traders, but there were also amongst them landowners, clergymen, schoolmasters, doctors, lawyers, and business men of all descriptions, and even on the directorate of the principal bank and of other important commercial undertakings were to be found persons who had originally been transported. The tenderness of Macquarie towards the emancipist class has already been referred to. He never slackened his efforts to free them from the social ostracism to which their convict taint made them liable no matter to what affluence or position they might attain. He raised some of them to the magisterial bench, placed them on various philanthropic committees and in places of trust, and encouraged social intercourse with

them, inviting the most respectable to Government House, and, in fact, ignoring any distinction between them and persons who had come to the colony as free citizens. This policy and conduct of the Governor aroused the strongest resentment amongst a large section of the other colonists, who were unwilling to associate with the emancipists except in matters of business, and there arose two distinct parties in the colony: the emancipist party, which included all ex-convicts, their children, and those who supported them, and the exclusionists. Macquarie undoubtedly carried his pro-emancipist policy too far; Commissioner Bigge reported adversely in regard to several of his proceedings, notably his action in appointing magistrates from the ranks of ex-convicts, and the practice was discontinued. Brisbane, who succeeded Macquarie, was not opposed to the recognition of emancipists in their proper place, and would gladly have extended to them a certain amount of social consideration, but the differences between the two classes were irreconcilable. The occasion of Brisbane's departure gave a pointed instance of this antagonism. He was invited to two banquets, one promoted by the exclusionists and the other by the emancipists. The Governor was unwilling to accept both invitations, as to do so would the more strongly mark the separation of the two sections of the community, and he invited the exclusionists to admit six of the emancipists to their company, which they declined to do, and withdrew their invitation. Brisbane therefore accepted the invitation of the emancipists, and the banquet was held at Parramatta, then the second place of importance in the colony. In referring to the banquet, the *Sydney Gazette* took occasion to enlarge upon the wealth and importance of the persons who were present.

A curious point in connexion with the emancipists, or some considerable number of them, was not only their failure to recognize that their conviction for a criminal offence was a bar to their social advancement, but their seeming belief that it was a kind of purification that others

had not undergone. As the second period advanced the emancipists became less important owing to the influx of free persons from the United Kingdom, many of whom were persons of considerable means, but even to the close of the period there were still living a large number of wealthy emancipists, and it was a matter of common knowledge that the wealthiest man in the colony, a man with an income of £40,000 a year, had originally been transported.

The general opinion that the rich emancipists had in most cases acquired their wealth by questionable means, was in the main correct. Their first step towards the goal of wealth was usually the keeping of a licensed house and the practice of usury. Many of the emancipist hotel-keepers are known to have used the most unscrupulous means to get small settlers into their debt, acquire mortgages over their property, and foreclose at the first opportunity. In this way many of the class became large landowners. In other businesses in which emancipists were engaged the wide extension of the credit system placed a great deal of power in their hands, and they used it frequently in the most merciless way. Owing largely to the failure of the crops a good deal of land came into the market under forced sales; this was notably the case about the year 1830. The bulk of this land was purchased by emancipists, who had, in some instances, compelled the sales in order to profit by them, which they did very largely. To these methods were added others, which brought some of them within the reach of the law. There was a considerable amount of smuggling carried on, especially of spirits, and much illicit distillation, and emancipists were credited with taking a large share in these practices, as well as in receiving stolen sheep and cattle. At this distance of time it is impossible to say how much truth there was in the accusations, but certainly a very low estimate of the morality of the wealthy emancipists prevailed, though it was not universal. Sir E. Parry, who for some years directed the affairs of the Australian Agricultural Company

in New South Wales, declared before the Committee on Transportation that he had found no difference between emancipist and other traders in Sydney, and regarded it as a sort of fashion to talk of distrusting them. In spite of the evidence of Sir E. Parry, the committee adopted the general view as to the absence of morality amongst the wealthy emancipists; of those who were not wealthy, and who naturally formed the bulk of the class, the committee reported that most of them retained the habits of profligacy which had led them into crime, and that they were responsible for the greater portion of the crimes committed in the colony. This agrees with Governor Arthur's opinion of them in Van Diemen's Land, where they were undoubtedly the worst class of the population, but their numbers and importance were far less in the island colony than in New South Wales.

As might be expected, there were some notable exceptions to the sweeping condemnation which well-informed contemporary opinion pronounced against the emancipists as a class; some of them lived respectable lives, spent the wealth which they acquired in very much the same way as equally rich persons of any other class, and were in every way estimable citizens, notwithstanding their criminal antecedents. As a rule the emancipists intermarried with their own class, occasionally there were marriages with the immigrants, but it was a very exceptional occurrence for an emancipist to marry a member of one of the families long established in the colony.

Emancipists who belonged to the labouring class competed with the free immigrants, and at the beginning of the second period they were freely employed as bailiffs, overseers or in other positions of trust, and by some employers they were preferred to raw immigrants. This was manifestly due to absence of suitable persons amongst the immigrants and their want of knowledge of colonial matters, for later, when immigrants with agricultural training and experience arrived, these were preferred to emancipists of equal experience, and after 1833 the advert-

ishments for labour show that there was a gradually increasing preference for free labour, as compared with emancipist. There was, however, no distinction of wages or treatment between the two classes, except in the case of offences against the Master and Servants Act, for which emancipists were more severely punished than free immigrants. For ordinary criminal offences also the punishment meted out to emancipists was usually very severe, and in particular they were liable to be sent to Norfolk Island, a punishment very much dreaded.

At this period, when free institutions were being introduced into the colony, the emancipists were a difficult element to deal with ; they could not be altogether ignored, and it was manifest that all of them could not be treated as if they had never been convicted of crime. Under the Jury Act of 1829 emancipists whose yearly income from real property exceeded £30, or whose personal property exceeded £300 in capital value, and to whose characters exception was not taken when the jury lists were drawn up, were eligible to serve as jurymen. This concession to the emancipists was made against the better judgment of the more reflective part of the population, and had disastrous consequences. Juries constituted largely of ex-convicts acquitted half the persons brought before them—the usual number of acquittals in England being at that time about 20 per cent ; indeed, it was openly accepted that juries would not convict in certain cases even in the face of the clearest evidence. The consequence of this condition of affairs was that many of the most respectable members of the community refused to serve upon juries, and although the law remained unaltered, the difficulties of the position were got over by the compilers of the jury lists omitting, by an apparent oversight, the names of all the emancipists whose conduct as jurors had been open to suspicion.

III

FREE LABOUR

As mentioned in the chapter relating to ticket-of-leave men and emancipists, ex-convicts still formed an important element in the free labouring class, but that class contained in addition a number of native-born Australians and free immigrants, who, towards the end of the period, while still numerically less than the bond labourers, became economically more important—so important indeed as to cause the Government to modify its whole attitude towards labour. During the first period few free immigrants of the working class came to Australia, and, owing to the system of land grants then in operation, the majority of these became small farmers. Those who did not obtain grants or who failed to keep them remained ordinary labourers, no distinction being made between them and the bond labourers in the schedules of legal wages issued by the Governors.

Wages declined somewhat at the opening of the second period, and as early as 1824 Sir T. Brisbane, in a despatch to Lord Bathurst, estimated the earnings of mechanics at the sterling value of 3s. 6d. per day. This decline was due to the release from Government employment of a considerable number of convict mechanics, who were assigned to private employers and came into immediate competition with free workmen. Wages continued at the reduced level for some years, and in 1827 the Agent for New South Wales and Van Diemen's Land informed the Chairman of the Emigration Committee in London that the wages of

common mechanics were from 3s. to 5s. per day and for the better class from 6s. to 7s.

The amount of employment available was affected during 1827-29 by the failure of two seasons in succession, but the nominal rates remained unreduced and even showed a slight tendency to advance, as the evidence of the *Sydney Gazette* clearly shows. The slackness of employment disappeared with the improvement in the season, and in 1830 the demand for labour was so great that commissioners were appointed in the colony to inquire into the best methods of attracting immigrant labourers. Under the auspices of the commissioners there was published in August 1830 a list of mechanics required in the colony, specifying those in most demand, and stating that many of them, especially those in the building trades, could earn 10s. a day and upwards all the year round, and this information was issued in England, under the authority of the Colonial Office, a few months later. There can be no doubt that this statement greatly exaggerated the wages paid, for though it is not improbable that a wage of 10s. and even more was paid to a few mechanics of superior qualifications, the advertisements for labour which appeared in the newspapers of the time specify much lower rates. In 1831 the *Sydney Gazette*, in which the exaggerated statement was officially printed, published an article designed to point out the advantageous position of labour in the colony, and mentioned that shoemakers, bricklayers, stonemasons, and blacksmiths were able to earn 25s. to 30s. per week. The English authorities were not long in discovering the mistake into which they had been led and in correcting it. Sir R. Bourke in a despatch of September 1832 estimated the wages of carpenters and masons at 5s. per day, and of blacksmiths and wheelwrights at 7s., which was a considerable advance on the rates of 1823.

To counteract the exaggerated statements published by the local Immigration Commissioner, a Committee of "Emigrant Mechanics," which had been formed in 1833,

issued, in June of that year, a schedule of wages obtaining in the colony, together with some account of the state of the labour market for all the more important trades. This was published in the newspapers and issued in pamphlet form in the United Kingdom. It might have been expected from the source from which it emanated that this list of wages would err somewhat on the side of understatement, but a consideration of the available evidence supports the view, that this list may be accepted as representing the actual state of the labour market, to the worker of average ability whose wages were paid in cash. The wages of mechanics were set down at from 4s. to 8s. per day, and in the bulk of trades the range was from 5s. to 7s. In many trades employment was stated to be somewhat irregular, and even mechanics of the highest qualifications were declared not to be able to earn in Sydney more than £2 per week, taking an average of the whole year. The mechanics permanently residing out of Sydney and Hobart were usually ex-convicts in permanent employ and probably of inferior quality; they usually received rations and lodging and from £15 to £20 a year, but some men received as much as £30. A committee of the Legislative Council, appointed in the year 1835, made an investigation of the wage conditions of the colony at the time of its appointment, and in the years immediately preceding. The conclusions of the committee confirmed the statements of the emigrant mechanics. It reported that good mechanics could earn 30s. to 40s. per week, although wages were sometimes very much higher; but it is plain from this report as well as from various other sources that mechanics of or below the average capacity did not earn more than from 20s. to 30s. a week.

The desire of the Home Government to circulate reliable information to intending emigrants led to the drawing up in 1836 of an elaborate schedule, which gave the wages of mechanics in Sydney for the first six months of that year, according to returns made by the first police magistrate to the Colonial Secretary. This schedule, which also gave

the maximum and minimum rates, estimated the average wages of mechanics in the building trades at from 6s. 2d. to 7s. 6d. per day. Stonemasons and bricklayers received the highest rates, and plumbers and carpenters the lowest. In trades subsidiary to agriculture the rates varied from 5s. 5d. per day for farriers to 7s. 2d. per day for sawyers, blacksmiths receiving 6s. 8d. per day in Sydney and about £50 per annum with rations and a house in the country districts. The rates given in the schedule correspond with the record of the wages at which immigrant mechanics were actually hired in Sydney in 1838. In that year 107 carpenters and joiners were engaged at the average rate of 6s. 8d. per day, 49 stonemasons at 7s. 2d. per day, and 12 bricklayers at 7s. 6d. The wages of 38 blacksmiths averaged 6s. per day, while 28 sawyers were engaged at 7s. 6d. per day.

The wages of common labourers rose somewhat during the period. About 1827 the most reliable estimates agree that they received 3s. a day in Sydney for occasional jobs, and 14s. a week if they were employed regularly, or 5s. to 6s. per week if rations and lodging were provided; by the end of the period, 3s. to 3s. 6d. per day was the usual rate, or 10s. a week if rations and lodgings were given. The average wage of 100 immigrant labourers hired in 1838 was £26 : 10s. per annum, with rations and lodging.

The wages of agricultural labour also showed improvement. It was usual for all classes of such labour to receive rations and lodging and sleeping accommodation in a hut on the farm where they worked. The rations varied somewhat, but usually consisted of 10 lbs. of flour, 10 lbs. of beef or mutton, 2 oz. of tea, 1 lb. of sugar (or in lieu of these two articles 7 quarts of milk), 2 oz. of salt, and 2 oz. of soap weekly. In the case of married farm-servants other than mere labourers, the wife very often received two-thirds this ration. In addition to rations and a hut labourers received a money wage. This averaged from £10 to £18 a year at the beginning of the period, but in 1828 the demand for labour had so increased that a competent

farm hand, who could sow, reap, thresh, and milk, was then usually paid from £17 : 10s. to £26, and leading hands and bailiffs from £20 to £30 a year. These rates were looked upon as exorbitant, and there was a constant cry for cheaper labour. The failure of the seasons before 1830 brought about a fall in wages, and in 1831 the *Gazette* hailed, as an instance of a return to more moderate conditions, the case of some labourers who were engaged for a farm 35 miles from Sydney, at wages varying from £10 to £14, the overseer receiving £20. In 1832 Bourke sent to Lord Goderich an exact account of the wages which a number of employers in the country districts were willing to pay to immigrants sent out to them. These included 350 agricultural labourers, and the wages offered ranged from £8 to £15 per annum. This was, however, merely a temporary set-back. Between 1832 and 1838 the various rural industries made great progress, and wages rose to a higher point than had previously been attained. In the latter year 364 immigrant farm labourers were engaged at an average wage of £30, and 23 farm overseers at £40 : 5s. per year.

The wages of shepherds did not differ much from the rates given for ordinary agricultural labourers, but they were paid partly as a fixed sum and partly as a premium for other services than mere shepherding. In 1836 the wages offered were £16 a year with rations and a hut to ordinary shepherds, £20 to those who could shear, and £30 when a shepherd could dispense with a watchman. Most of the shepherds who came to Australia at the time were Scottish Highlanders, and to them and others was frequently given, in addition to the ordinary wage, the right to keep a cow and to cultivate two acres of land. The privilege of cultivating a small quantity of land for their own use was a not uncommon concession to farm servants as well as to shepherds, though the Colonial Emigration authorities did not think it a wise one. In 1838, 60 immigrant shepherds were engaged at the average wage of £32 : 5s. per annum, but these men were of superior general qualifications.

Dairywomen earned from £10 to £12 per year with lodging and rations at the beginning of the period, and there was very little upward movement in their wages, as the records show that in 1838, 159 dairymaids who had just arrived in Sydney were engaged at the average wage of £14. There was a great scarcity of domestic servants, both in New South Wales and in Van Diemen's Land, and particularly of women servants, so that men were frequently employed for duties usually assigned to women. Single men earned from £12 to £20 per year in the earlier years, but wages rose later. In 1838 the wages of 21 male domestic servants averaged £34:10s. per annum, with rations and lodging, but as these were newly arrived immigrants they were probably more efficient than the ordinary colonial servants. Men cooks were almost universally employed in Sydney at the beginning of the period; they could earn from 5s. to 7s. per day, but women cooks became more common as the period advanced, as by far the larger number of female immigrants were domestic servants. In 1832 about 200 female immigrants from Ireland were engaged within a month of their arrival at wages varying from £9 to £11 a year, and in 1838 the wages of women domestics were described as varying from £7 to £15 per annum. At no time was the supply of female labour equal to the demand, and the wives of mechanics in Sydney were able to earn from 2s. to 2s. 6d. per day at sewing or laundry work, and could obtain frequently a full week's work at these rates. In the country districts, where women were very scarce, the wives of workmen could add considerably to the family income by taking casual work as cooks, laundresses, or sewing women.

Wages of mechanics in Van Diemen's Land were occasionally higher than in New South Wales, but as a rule they were somewhat lower. In 1822 masons in Hobart were earning 10s. a day, but this was an exceptional wage, due to unusual conditions. In 1831 Governor Arthur reported that free labourers received £15 of surplus wages over and above a most liberal allowance of food and

clothing. The year mentioned was one of considerable prosperity for most classes of labour in Hobart, and carpenters are estimated to have earned 7s. 6d. per day, stonemasons 6s. 6d., sawyers 6s. 6d., wheelwrights 8s., and farriers 7s. 6d. In 1834 wages had fallen all round by about 15 per cent, and the official statements for the year give the wages of stonemasons and sawyers as 5s. 6d. per day, wheelwrights 7s., farriers 6s. 4½d., and carpenters 6s. 6d. These were Hobart wages ; in the country districts carpenters were paid 5s. per day, with rations and lodging in addition. The number of men employed was, however, comparatively small, and an influx of labour from the United Kingdom, when even slightly in excess of the demand, put wages back. Such an influx occurred in 1834 and caused the reduction just referred to ; two years later, when the demand had caught up to the supply, wages again advanced, and from 6s. 6d. to 8s. per day were the rates ruling in the building trades. In considering these rates of wages it must be remembered that they were paid to good workmen only ; indifferent or poor workmen found difficulty in procuring work at any rate of pay, and even in the busiest times both in Hobart and in Sydney there were always a considerable number of unemployed mechanics, whose lack of employment was due mainly to incompetency.

The wages paid to agricultural labour were throughout the period considerably higher in Van Diemen's Land than in New South Wales. Competent shepherds received £25 a year, farm bailiffs and overseers £35, and farm labourers are reported to have been paid 2s. 10d. per day, or 15s. when hired by the week. In all cases food and lodging were given in addition to the stated wages.

The earnings of women domestics were very much the same as in New South Wales. A batch of female immigrants who arrived in September 1834, and were reported to be "of a very superior class," obtained situations immediately on their arrival at the undermentioned rates :

				Average Wages per Year.		
				£	s.	d.
General servants	.	.	.	11	10	0
Nurserymaids	.	.	.	11	0	0
Housemaids	.	.	.	13	15	0
Laundresses	.	.	.	13	0	0
Cooks	.	.	.	13	10	0

In the return from which these wages are taken the lowest hiring was at £6 a year, and the highest £21.

In Western Australia wages fluctuated very much in the earlier years; thus in 1830, when the settlement was first established, mechanics were able to earn 10s. a day, and were in great demand; a year later the *Sydney Gazette* reported that at the Swan River colony mechanics obtained only 1s. 6d. a day, and even that small wage could scarcely be had in cash. In 1837 wages had risen again, and common labourers received 5s. a day, and artificers 8s. to 10s. Predial labour also received higher wages, agricultural labourers being paid £24 a year; ploughmen, horsemen, and shepherds £30; and boys from £10 to £15 a year, with food and lodging in each case.

The question as to the actual wages paid during the period is complicated by the almost universal prevalence of the truck system. In the country districts a large proportion of the wages were paid in goods, upon which the employers made an exorbitant profit. In 1827 Atkinson in a description of New South Wales said: "In order to understand clearly the expense of labour . . . and the manner in which it is remunerated, it is necessary to bear in mind that it is customary throughout the colony for the proprietor to supply all persons upon his farm, whether freemen or convicts, with provisions and all other necessaries. These articles are charged to them at customary prices, which are very much above the cost of producing them, if of home growth, or of purchasing them, if imported goods. The profit laid on is mostly 50 per cent, and in many cases 100 per cent above the real market value; thus wheat is charged at 10s. a bushel, and salted pork at 1s. a pound, and tea, sugar, and other articles in the same

way. In making a contract with brickmakers, sawyers, fencers, and mechanics of any description, who are freemen it is usual to stipulate that they shall draw the whole of the provisions and necessities they may require from the employer; at the same time it is always understood at what rate the articles are to be charged. It is therefore evident that the price of labour is perfectly nominal, and in most cases exceeds by one-third the real money prices."

Atkinson's statement is supported by various trustworthy authorities, amongst others by Governor Brisbane, who in 1824 appended to his schedule of money wages the following qualification: "If property or goods be paid in part for labour, then about 25 per cent is charged in addition to the prices above mentioned, for instance, if 7s. 6d. in money, 10s. in property, and in proportion," and considerations of this sort go far to reconcile the varying rates mentioned by different persons. In Sydney wages were paid as a rule in money, especially after 1825, when there were sufficient available currency and banking facilities to render the truck system entirely unnecessary, but before that year payments in kind were quite the rule. In 1823 there were strong complaints by wharf labourers of insufficient pay, and the *Sydney Gazette*, commenting on the matter, points out that the labourers, "who were nominally paid 5s. per day, would be well content with a dollar a day (the sterling value of which coin was 4s. 4d.), if it were given in coin, but that the custom was for employers to give their men spirits or other articles whose real value was far below that of the money wages that ought to have been paid." These remarks concerning the truck system were applicable to Van Diemen's Land equally with New South Wales; indeed, of the two, the grievance was the more keen in the island colony.

The demand for labour in New South Wales was fairly great at all times during the period, though not uniform. In the earlier years the financial difficulties of the settlement naturally interfered with the demand for labour, and

later on there were several bad seasons which disheartened the settlers and naturally restricted employment. The most constant demand was for pastoral and agricultural labour of all kinds, but particularly that of shepherds. The labour for sheep-farming and cattle-raising was at first almost wholly drawn from the convict class, but the expansion of the industry became so great that the supply of assigned convicts and convicts who had served their time was insufficient, and other classes of labour had to be tried. The aborigines made excellent stockmen, but with the extension of the industry the need of a higher class of worker, men used to the tending of flocks, became urgent, and there was, especially after 1831, a continuous, though not a very large, supply of labour obtained from Great Britain, principally Scottish Highlanders bred up to the care of stock.

Employers at various times hired servants in Great Britain and paid for their conveyance to Australia, the persons brought out being usually under indentures to serve a term of years. The system of indenturing was declared on all sides to be a failure. The root of the trouble was that the men, who hired themselves in Great Britain, almost invariably accepted wages which appeared reasonable from their past experience, but which on their arrival in Australia they found to be greatly below the ruling rates, and they therefore considered themselves unfairly treated. The result was as might have been expected: whether hired for a long or a short period, indentured labourers rarely fulfilled their engagements, and their masters were at the expense of paying their passages to Australia without obtaining any adequate return. It was already penal for men to break their indentures, but the Legislative Council re-enacted the law, making it punishable for servants to leave their masters before the term of their engagement expired, and for other persons to employ them. The law, however, remained almost a dead letter; it was impossible to resort to the imprisonment of servants in a wholesale manner,

as the effect upon further immigration would have been disastrous, and though masters sometimes brought men who broke their engagements before the Court, the majority accepted the situation and sought a remedy in another direction.

The demand for the labour of artisans and mechanics fluctuated considerably. It was most constant in the building and allied trades, especially for carpenters and joiners, but blacksmiths, wheelwrights, and millwrights were also in great demand, particularly in the country districts where there was great difficulty in procuring them, as all classes of mechanics, whether newly arrived or not, preferred town life to the isolation of the country districts. There was also a constant demand for good workmen in the clothing trades, but the necessity of teaching the unassigned convicts trades while they remained on the hands of the Government turned many of them, men of poor physique, into tailors, hatters, shoemakers, and other sedentary workers, and in 1830 it was reported that there were "swarms" of these classes in Sydney, but that they were too idle and dissolute to work regularly. During the later years of the period even these men found employment, and tailors, hatters, and shoemakers were readily accepted as emigrants. In most of the smaller trades the restricted local consumption prevented works being satisfactorily established. There were a small number of harness-makers, iron-moulders, brass-founders, engineers, and the like in the various settlements, but few of them could find employment: thus out of twenty-six engineers in the colony in 1833, only eight were employed at their own trade.

There was naturally much difference of opinion as to the prospects of the settlement and of the amount of labour which could be absorbed readily. According to the evidence of some employers before the Committee of the Legislative Council, there would have been no difficulty in absorbing very large numbers yearly, but the Committee reported in 1835 that the number of mechanics introduced

in one year ought not much to exceed 300, lest the great inducement of high wages and constant employment should cease. They advised also that the number of married agricultural immigrants should not exceed 200 in any one year. Young unmarried men practised in agriculture were the class for which it was easiest to find employment, but it was not to the interest of the colony that large numbers of these should be introduced. The market for labour was, in fact, limited, and had there been any rush of immigrants to Australia during the period, the rates of wages would have declined immediately. There was undoubtedly a great demand for labour in New South Wales, but it was cheap labour that employers wanted, and in sympathy with this demand the Committee of the Legislative Council advised the importation of coolies from India, and several private employers imported coloured labour from the South Sea Islands. It is fortunate for Australia that the attempt to introduce coloured labour was not persisted in; the reasons for the failure will be dealt with in another place.

In Van Diemen's Land the market was naturally more restricted than in New South Wales, and though there was a considerable demand for labour, especially in agriculture and the employments ancillary thereto, as also in the building trades, the country was so identified with the convict system that there was little influx of immigrant labour to satisfy the demand. In 1837 Sir John Franklin, who had lately become Governor, wrote to the Colonial Office that "this Colony can scarcely meet its current expenditure . . . it has scarcely any townships excepting Hobart Town and Launceston. There is no existing accommodation for free emigrants with large families in the interior of the Colony, and masters are unwilling even to take them into their service if so encumbered." Immigration to Van Diemen's Land was therefore stopped temporarily in 1838, not so much because the colony was sufficiently developed and did not need population, but because its development had proceeded

on such lines that there was no proper accommodation for additional labour.

Taking a general survey of the whole period, it is plain that the working class were far better off in Australia than in the Mother Country. They not only obtained higher money wages, but, making every allowance for the higher price in Australia of all imported commodities, their real wages were also higher. A large proportion of the working class were indeed little affected by the high price of some necessaries, for their food was provided for them, but even amongst those who were affected the standard of living was much superior to that of persons in a similar class in the United Kingdom. It was a common complaint by contemporary writers that the rations of even the convicts in Australia were far better and more plentiful than the food of the industrious poor at home. Australia offered a place where an unmarried labourer could earn in three days what would maintain him for a week according to the contemporary English standard, and steady industrious men could look forward confidently to becoming land-owners in a few years. The working classes felt the strength of their position, as their combined action in 1833 in issuing a schedule of wages clearly shows. They explained that their motive was to prevent false hopes being raised in the minds of intending immigrants, but doubtless they were actuated also by a desire to prevent the lowering of wages—an event which the limited scale of industry made most probable, if a large number of workmen were at any time introduced.

Allusion has been made in the previous section to the evil fate that overtook the convicts who combined to obtain better wages. The earliest recorded attempt of free labourers to combine occurred in June 1824, when several coopers were committed by the bench of magistrates, to take their trial for "a combination and conspiracy against their employers' interests," in demanding a greater rate of wages than was "usual or allowable," and in attempting to prevent other mechanics from going on

with their work. The *Gazette* contains no record of the trial—probably because the repeal of the Combination Acts shortly afterwards cancelled their offence. In November 1829 there was a strike of compositors in Sydney which ended in their favour, and in 1837 the seamen and labourers employed in fitting out ships combined, and struck for an increase in wages to 4s. a day instead of 3s. and 3s. 6d. which was then paid. This strike was fairly general throughout the trade. The merchants interested in shipping held a meeting and resolved to refuse the demands of the labourers, “being persuaded that this combination has not arisen from an insufficiency of hands . . . or from the present pay being too low, when it is considered that not long ago 2s. 6d. a day was all that was demanded.” The strike was not of long duration; the authorities were on the side of the merchants, and the strikers, being without funds, had either to give way or turn to other employments. Apparently some of them did one thing and some another; in the end, however, they gained their contention, as wages were presently raised to the rate demanded.

The attitude of the Government towards the labouring class was, as in the preceding period, harsh and overbearing, but in this it merely reflected the policy of the authorities in England. In 1828 an Act of Council was passed entitled, “An Act for the better regulation of Servants, Labourers, and Workpeople,” which contained some draconian provisions. Servants neglecting or refusing to work might be brought before a magistrate and, on conviction, committed to prison for any period not exceeding six months, or sent to hard labour for three months. Servants spoiling, destroying, or losing their masters’ property might be condemned to pay double its value or go to gaol for a term of one to six months. As a sort of counterpoise, it was provided that employers convicted of ill-using their servants were to make them amends to the extent of six months’ wages and the agreement between them was cancelled. This provision had reference to the habit of

masters of taking the law into their own hands in regard to flogging, where their employees were convicts or ticket-of-leave men ; there does not appear to be any record of free immigrants having been systematically ill-used, though there was that casual ill-usage which naturally occurs in every rude state of society.

So far as labourers were concerned, the law was by no means a dead letter. In February 1837 a writer in the *Sydney Gazette* stated that a single hour's unpermitted absence rendered a free servant liable to imprisonment in the common gaol, or the treadmill, as the magistrate might think fit, and "we hear of repeated instances of examples like this being made, and shall be glad to hear of many more." In these circumstances it is easy to understand how labourers would complain of some of their employers as "worse than Egyptian task-masters." It is fair, however, to say that masters complained frequently of "the insubordination and irregular habits of their servants," the free servants being, it was alleged, "as vicious in their habits as the convicts and less subject to control." There was doubtless a good deal of truth in the masters' complaints, but the free servants referred to were not to any extent voluntary immigrants, but persons who had been originally convicts.

IV

IMMIGRATION

NEW SOUTH WALES

THE systematic discouragement of free immigration, which formed part of the policy of Macquarie's long administration, ceased with the appointment of his successor. Under Brisbane's rule immigrants received some encouragement to come to New South Wales, and land was granted to those among them who had capital available for its cultivation and development. At the beginning of the second period such free immigration as there was comprised for the most part small capitalists and persons of a professional class. The object of the Government was to increase the demand for bond labour, of which for the time there was a surplusage ; there was no encouragement offered to labourers to immigrate, because of the fear that, if they were introduced in any large number, there might be a difficulty in disposing of the convicts not in assignment. In 1825 the rule as to land grants was relaxed somewhat, and 50 to 100 acres were given to suitable settlers of smaller means, on condition of their residing upon their land and cultivating it. Thenceforward immigration increased, but at no time was the number of incomers at all considerable, as the following statement shows—the figures indicate the total free immigrants to all parts of Australia :

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Year.	No. of Immigrants.	Year.	No. of Immigrants.	Year.	No. of Immigrants.
1821	. 320	1825	. 485	1829	. 2016
1822	. 875	1826	. 903	1830	. 1242
1823	. 543	1827	. 715	1831	. 1561
1824	. 780	1828	. 1056		

By no means all of these went to New South Wales, Van Diemen's Land attracted a considerable number, and a good deal of jealousy existed between the two colonies in their rivalry to secure settlers. In 1829 there was a new element in Australian immigration, as in that year a settlement was established on the banks of the Swan River by colonists coming direct from England, and of the total of 2016 given for that year, about 850 may be taken as having gone to Western Australia.

The flow of immigrants into New South Wales and Van Diemen's Land soon disposed of the available convict labour, and, for the first time in the history of these settlements, the Government was unable to supply the demand for convicts under assignment. Employers tried to obtain the labour they required by introducing immigrants under indentures to serve for a period of years, but, as we have already seen, such attempts were not satisfactory to either party, and the practice was soon discontinued. In 1831 the Government assumed the responsibility of introducing immigrants of the labouring class. This change, however, was due, to no slight extent, to the state of affairs which prevailed at the time in the United Kingdom. The whole question of emigration had been forced upon the attention of English statesmen by the condition of the working classes of England, especially agricultural labourers in the South, where poor relief in aid of wages had become in many parishes the normal state of affairs, and of those in Ireland, who had not even poor rates to support them. Two Committees of the House of Commons discussed the question in 1826 and 1827. They were primarily concerned with emigration to Canada, which had been going on from the close of the European War and had reached considerable proportions. They did not entirely overlook

Australia as a possible outlet, but the distance and the great expense attendant upon emigration thither prevented their suggesting any scheme that was not "self-supporting." The committee in 1826 recommended the English Government to advance money for despatching to Australia persons who might be considered as in "a state of permanent pauperism." It was proposed that these people should receive grants of land on their arrival in their new home, and the expenses incurred in connexion with their emigration should be repaid by way of annuities extending over a period of sixty years. The committee was sanguine enough to regard such a proposal as practicable, and to think there would be little difficulty in collecting the money advanced, if the Colonial Governments would undertake the duty of collectors. In 1827 another scheme was suggested for sending out workmen, under indentures for three to seven years, to serve the employers who advanced their passage money. These proposals were not accepted by the Government on the score of expense, but the old fear of extensive emigration as a weakening of the country had disappeared, and there was now an ardent desire to encourage emigration on right lines.

It was at this juncture that the proposal for founding the Swan River colony was laid before the Government and found a ready hearing, as it appeared to offer opportunities for emigration of the kind desired without any expense to the Government. The working out of this proposal is outlined in the introduction to this period. It proved unsuccessful, and its failure gave great point to a pamphlet, which had appeared in 1829 under the title of *A Letter from Sydney*, in which Gibbon Wakefield pointed out the evils of what may be called the land-grant system of colonization. He claimed that a civilized community could not be formed by establishing large numbers of small settlers on the land, dependent on their own toil to wrest a livelihood from their own acres, all following one pursuit, agriculture, in the worst possible way, with the least possible result. He cited history to show that no new colony could

flourish which had not a supply of labour willing to work in combination. In several passages in the *Wealth of Nations*, Adam Smith had enunciated the same principles, but Wakefield went further and claimed that a simple means of securing a supply of labour and preventing a too wide dispersion of settlers, existed in abolishing free grants of land and using the product of its sale to carry to the colony the labourers it needed. Wakefield further proposed that the price of land should be fixed at such a sum as would prevent undue dispersion—that is to say, which would supply the labour needed to cultivate the land sold. This he called the “sufficient price.” Wakefield reprobated the employment of convict labour, and aimed at the establishment of free self-governing states, with a well-ordered progressive civilization. This is not the place to discuss the Wakefield scheme of colonization, which in theory and practice is dealt with in a special chapter. It was warmly approved by an intelligent and influential section of English opinion, and a Colonization Society was formed in 1830 to promulgate his new doctrine of systematic colonization.

The Secretary of State for the Colonies at this time was Viscount Goderich, who was powerfully influenced by Gibbon Wakefield's views on colonial subjects, and from Wakefield he adopted the idea that, if in the colonies land were sold, the proceeds of the sales might fitly be applied to introducing that labour without which the land itself would be of little value. It is therefore not surprising to find in January 1831 the English Government resolved to alter the land system of Australia mainly with the view of throwing open the country more freely to settlement, and thereby increasing immigration. In his despatches on the subject, Goderich discussed the subject of emigration from the point of view of the colonies and of the Mother Country. He considered that the effect of the land-grant system had been to render occupation too extensive, and to promote only the emigration of persons possessed of some capital. The emigration of such persons afforded, he pointed out, “no relief . . . it is the emigration of the

unemployed British labourers which would be of real and essential service" to Great Britain, and (he considered) the formation of a class of free labourers for hire would be not only directly beneficial to the colony, but was the only means of creating a market for the agricultural produce of the colony.

Although greatly influenced by Wakefield, Goderich did not entirely abandon his earlier view. At the time his despatch was sent to Australia, affairs had reached such a condition in England that the poor law authorities were glad to pay the expense of removing paupers to Canada or New Brunswick, in order to rid themselves of a continual burden. In these circumstances Goderich sought the opinions of the Governors of New South Wales and Van Diemen's Land as to the feasibility of diverting a portion of this stream of emigration to Australia, but he was careful to point out that the great difference in cost between the passage to Canada and to Australia (the former being about £5 and the latter between £30 and £40) made it unlikely that the parishes would choose to send emigrants to Australia, unless the Governments were disposed to contribute some portion of the cost. He proposed that an inquiry should be made among employers in the two colonies, to find out the number of indentured labourers they were willing to receive, and the amount they were willing to advance to the labourers towards their passage money on terms of repayment; he suggested that in addition the State itself should provide a fund, for the assistance of emigrants, by placing a tax on assigned convict labour and upon ticket-of-leave men. He estimated that this tax might not unfairly amount to 10s. or 20s. per head of these classes, and that in this way about £20,000 a year could be obtained. He also suggested that occupants of land should receive an abatement of quit-rent, in proportion to the persons they had enabled to emigrate, a policy which had been in force since 1829 in Western Australia, and that the revenue from land sales might be devoted, if necessary, to immigration purposes.

Bourke, who then administered the government in New South Wales, was a man of capacity and discernment. He welcomed the idea of the immigration of free labourers, but he was distinctly unfavourable to pauper immigration and also to the proposed tax on convict labour. The difficulty experienced in collecting the payment for assigned servants from 1821 to 1826 was indeed enough to justify this objection. In the matter of indentured service many employers, principally those in the country districts, were willing to advance £8 to £10 towards the cost of each immigrant labourer obtained by them, and in February 1832 Bourke despatched a list of 803 labourers who might be sent out on these terms.

It was, however, upon emigration at the cost of the land revenue that the colonial authorities placed their confidence. They offered to set aside £10,000 from the land fund for emigration purposes; of this sum they desired that about two-thirds should be devoted to promoting the emigration of unmarried women, as the proportion of men in the colony was excessive, and that one-third should be used in loans for the emigration of mechanics. In spite of Lord Goderich's objection to the use of the land revenue for this purpose, the British Treasury (with which the control lay) agreed to this proposal, with the proviso that no further sum should be expended upon immigration until the money received from the land had actually reached £10,000.

The response of Arthur to Goderich's despatch was in many respects similar to that of Bourke. He too deprecated a tax on convict labour, in a despatch which was eloquent of the inconvenience endured by employers from labour of that class. As regards indentured labour, he declared that employers were, from past experience, opposed to it, as labourers under indentures had been found most unsatisfactory, and to pauper immigrants he had the same objection as had Governor Bourke. Arthur expressed himself strongly in favour of free labour, and estimated that Van Diemen's Land could readily absorb

1200 families. The difficulty lay in advancing the money to pay for their passages. The lack of specie was so marked that it was impossible, he declared, for the colonists to ship any to England for emigration purposes. They were willing to send flour or wheat instead. This difficulty was obviated by the English Government advancing a portion of the money on behalf of the Colonial Governments, who in their turn paid an equal amount into the military chest of the colony. The balance due to the shipowners was paid on the arrival of the emigrants, and it was expected that a fair proportion thereof would be laid out, in the colony, for purposes of refitting the ships for ordinary trade.

Wakefield had advocated the formation of a central authority, responsible for the selection and despatch of emigrants, and the appointment of agents in the colonies to ascertain the extent and nature of the labour required, to receive the immigrants on their arrival, and to procure situations for them. These suggestions were adopted.

In June 1831 the British Government appointed Emigration Commissioners in England, whose duty it was to spread as widely as possible information as to the labour requirements of the colonies, the wages obtainable, and the methods of emigration. The Commissioners turned their attention to Australia first, chiefly because they wished to create a desire for emigration to that country; they did not think it necessary to do this for Canada, which was much nearer and very well known. A few weeks after their appointment they issued a document, purporting to give the wages current in New South Wales and Van Diemen's Land, mentioning the class of labour most in demand, and stating in general terms the conditions of life in these colonies. They intimated that married mechanics might receive a loan of £20 towards the passage of themselves and their families, and the concession was extended very shortly afterwards to agricultural labourers also. In October 1831 the Commissioners issued a further notice in regard to women emigrants. Unmarried females

between fifteen and thirty years of age, if accompanying their families, might receive an order for £8 payable in the colony, either to the heads of their families or to the shippers, and those between eighteen and thirty years going out by themselves could be taken for £8 on a ship specially chartered for the purpose.

In consequence of these notices the Commissioners received many applications from persons wishful to emigrate, but very few of them—either of the mechanics or the women—could pay the balance of the money required. They offered to pay their share from the wages they should receive subsequently, and in most cases this arrangement was adopted. Those who went out signed promissory notes for the money which they were unable to find.

Towards the close of 1831 emigration, under the auspices of the Commissioners, began, and in the first four months of activity 103 mechanics and their families were despatched, including a number of female emigrants who received the Government bounty. These reached New South Wales by various ships in the early part of 1832. The women found no difficulty in obtaining employment, chiefly as domestic servants, but the mechanics were disappointed to find wages considerably lower than they had been led to expect, and some of them were still without employment in September—a fact which was not without its effect upon the subsequent progress of emigration. In April 1832 two ships were despatched freighted exclusively with emigrant women from Ireland, one of which went to Van Diemen's Land, and one to New South Wales. In both places committees had been organized to arrange for the reception of these women and to take charge of them until they obtained employment. The women were taken on their arrival to a place prepared for their reception, where they were lodged and fed until they secured employment. The majority of the women found places at once, and all could have done so had they been willing to leave Sydney or Hobart.

At the close of 1832 the Emigration Commissioners in England resigned, having accomplished the objects they had in view, of giving information in regard to the colonies and of inaugurating the emigration of the labouring class to Australia. One of the chief results of their activities was to change the attitude of the shipping companies towards steerage passengers. There had been up to this time no attempt on the part of the shipowners to encourage passengers of the emigrant class to go to Australia, and the ordinary charge for an adult steerage passenger varied from £30 to £40, which was practically prohibitive. Boats were now provided expressly for the emigrant class, sailing regularly every month from Liverpool, as well as from London and Dublin, and the cost of the passage by these boats was reduced to about £17. The Commissioners had intended to charter ships specially to carry emigrants, but these regular sailings rendered such a course unnecessary, and the only ships specially chartered were those employed to take out unmarried women going out without their friends.

The work of the Commissioners was taken over by the Colonial Office, but it was soon found to be necessary to provide a special organization to deal with the selection and despatch of unmarried women emigrants; accordingly in 1833 an Emigration Committee was appointed expressly for this purpose. It consisted of gentlemen interested in philanthropic schemes of various kinds, who gave their services gratuitously, and undertook to supervise the selection of women to whom the bounty of the colony might be given. In order to widen the selection the bounty was raised from £8 to £12 out of a total fare of £17, leaving only £5 to be provided by the intending emigrant. The committee was given the assistance of a paid agent, and with him lay the chief work, though not the actual responsibility of selecting the women. The practice of the committee was to engage a ship capable of accommodating a certain number of emigrants, and when the required number were ready, to despatch them

without delay. The agent received a commission from the shipowners on each emigrant obtained, and it was naturally to the interest of the owners to fill and despatch their ships as rapidly as possible. The agent, being in their pay, made the interests of the owners his own. The result was unfortunate. A number of women were sent out who ought never to have been accepted. Some were too old, some were the wives of convicts, some were of quite unsuitable occupations, and some were women of ill-fame. The presence of even a few of these women on a boat exercised a very bad influence upon the remainder, and a considerable proportion of the female immigrants to Van Diemen's Land and New South Wales proved to be so unsuitable, as regards character, that there was grave dissatisfaction. The question of discipline during the long voyage was one that was not properly understood during these first years, and though the statements in regard to misconduct and want of order were perhaps greatly exaggerated, there was sufficient foundation for them to justify the Legislative Council in appointing a committee to look into the whole matter.

Amongst the matters inquired into by the committee, was the question of the repayment of the passage money advanced to immigrants, and it was found that the male immigrants had repaid not more than 2 per cent of their advances, and the single women nothing whatever. This was but a repetition of the previous experience where labourers had been brought out by private persons. Dr. Lang appears to have been one of the few persons who were successful with indentured labour. He was in England in 1831 when the Commissioners were at work, and obtained from the Government a grant of £3500 towards the erection of the Australian College. When he returned to Sydney he took with him fifty-nine mechanics with their families, whose passages he paid for out of his grant. The men were selected with great care, and the experiment was successful, as most of the money advanced was recovered without difficulty. This success was a

notable exception to the general experience, as neither indentured labourers nor other immigrants could be induced to repay money advanced them for their fares. Nor was there any remedy. The responsible officials considered that, even if they adopted the harshest measures, they could not recover a moiety of what was due, and if extremes were resorted to, the emigration movement in Great Britain would practically come to an end. In these circumstances the Government of New South Wales resolved to do away with the system of loans, bear the full cost of the passage of female immigrants, and give a bonus of £30 towards the fares of married couples. These changes were introduced in 1835. Bourke issued a notice in the colonial papers that £30 would be allowed for every young married couple brought from Europe, and hopes were entertained that skilled vine-dressers and silk-growers from France and shepherds from Germany might be procured in this way. Macarthur and a few other enterprising settlers took steps to procure emigrants of this description, but when application was made to England to sanction the payment of the bounty, the reply was that payment might be made in respect of the few Continental emigrants who had already been obtained, but that the intention of the English Government was, that emigrants from the United Kingdom only should benefit from the land fund.

As emigration was as much a means of disposing of a part of the surplus population of Great Britain as of helping Australia, it was inevitable that many of the emigrants should be ill chosen and unfitted for their new life, and though this was especially true of the unmarried women, it was true also of the men. The Select Committee of the Council in its report declared that, if Australia was to obtain any good from immigration, a radical change was necessary in the methods of recruiting. Agreeably with the recommendation of the committee, Bourke sent over in 1836 three naval surgeons, who had been in the convict service, to procure suitable immigrants, and to

accompany them to the colony. Their instructions were to obtain families in which the age of neither father nor mother should exceed thirty years. The men were to belong to certain groups of trades. So far as possible, one-third of them were to be agricultural labourers or overseers (but not small farmers); carpenters and joiners, stone-masons and blacksmiths in equal proportions were to form the rest, and wheelwrights and coopers could be added if there was a deficiency in the other groups. Men of these classes and their families were to be given a free passage on a boat chartered by the Government, and employment at current rates was guaranteed for the first year. The system of bounties was not abolished. These could still be claimed by suitable emigrants who arrived on other ships, and to these the colony looked for a supply of men in the more skilled trades for which there was not such an urgent demand as in those enumerated. The naval surgeons began their work at the end of 1836, and, at the beginning of the following year, it was notified that no women emigrants would be accepted unless they were accompanying their families, or were with friends of whose family they practically formed a part. In spite of the condition of labour in Great Britain, there was at first a considerable difficulty in obtaining a sufficient number of suitable persons to fill the ships, but in 1838 there was less trouble, and there was an improvement in both the number and quality of the persons offering themselves as emigrants.

Considering its resources, the colony went into the business of immigration in no half-hearted fashion. The estimated expenditure of 1838 contemplated a total of £120,000, of which £80,000 was to be devoted to chartering twenty-six Government ships, and £40,000 expended on bounty immigrants.

This brings the narrative of the immigration policy of New South Wales down to the close of the period. The effect of that policy could not yet be realized. There were not wanting candid friends of immigration who criticized adversely the methods adopted in securing population,

oblivious of the fact that in all important movements some risks must be taken, and some failures are inevitable. The most valid objections came from the mechanics of Sydney, who were disconcerted at the periodical arrival of batches of trade competitors, and their objections were both to immigrants coming on the Government ships and to those claiming bounty. In May 1838 a public meeting was held in Sydney to consider the question of immigration, and an address to the Governor was drawn up embodying various objections to the system then being carried out, and complaining of the "great expense of the prevailing system, and the undue proportion of mechanics and artisans who were brought into the colony, though farm labourers and shepherds were required far more." The grievance embodied in this appeal proved imaginary. As we have seen, wages were not affected, and the practical certainty of obtaining labour led to the building of Sydney, as a modern town, with all the increased demand for labour of every grade that that building implied. In 1828 the ordinary dwellings of Sydney were of mean appearance and poorly built; ten years later the town had begun to take on an air of permanence and substantial comfort that struck all visitors.

Much of what has just been said applies to Van Diemen's Land equally with New South Wales, and down to the end of 1836 almost as many immigrants had been assisted to one colony as to the other—the larger colony having only a slight advantage. After 1836 there was, however, a marked change. It was then decided that the whole of the rapidly increasing land revenue of New South Wales should be devoted to immigration, and in 1837, 3093 immigrants were brought to the colony, of whom 2688 were sent out under the auspices of the emigration authorities in England, and 405 under the bounty regulations of the Colonial Government. In the same year only about 300 persons were sent to Van Diemen's Land, and, in consequence of a despatch from the newly appointed Governor, Sir John Franklin, to the effect that the island

was not in a condition to receive more emigrants, none were sent thither in 1838. During that year immigration into New South Wales increased very greatly ; the number sent out by the emigration authorities in England was 6463, while 2685 persons received bounties, making a total of 9148 of both classes. An influx of persons, not in any way assisted, was also going on through these years. In 1838 1478 such persons arrived in Sydney ; few of these belonged to the labouring classes, the larger part were small capitalists whom the concessions granted in 1835 had attracted to the colony. These concessions amounted to the remission of so much of the purchase money of land, bought by them, as was equivalent to the expense of their passages and the passages of their families as bounty emigrants : in no case, however, was the concession to exceed a maximum of £160.

V

THE OCCUPATION OF LAND

It was the pastoral industry which naturally received the first and greatest impulse from the crossing of the Blue Mountains. Much of the newly discovered country was open plain, free from timber and clothed with succulent grass and herbage, well watered, and in every respect suitable for depasturing stock on a large scale, and many of the settlers transferred themselves with their stock and other belongings to the Bathurst plains. In 1822, that is to say, shortly after the flocks had begun to make their appearance west of the mountains, the sheep in New South Wales did not exceed 139,000 all told; thenceforward the increase was extraordinary, the numbers doubling in little more than four years, and in large stock the increase was relatively as great. The demand for land was incessant, but the methods adopted of satisfying that demand were surprisingly inadequate.

Brisbane's original instructions in regard to the disposal of land were the same as those given to his predecessor. He was authorized to make grants of 30 acres or slightly more to ex-convicts, and grants of an additional 100 acres to other suitable settlers. Free settlers were beginning to arrive in considerable numbers, and to any of these who had a capital of more than £250 the Governor was authorized to make grants at the rate of one square mile of territory for every £500 immediately available for its cultivation—the maximum area allowed to one individual being 2560 acres. Subsequently the privilege of receiving grants was

extended to men with less than £250, but in these cases the areas given were from 50 to 100 acres, and usually were made in a district that had been set apart for small farmers. The condition of tenure was actual residence on the land granted, and an annual quit-rent of 3s. for each 20 acres, redeemable at twenty years' purchase. Towards the close of 1823 the Government, being hard pressed to dispose of the convicts who were then arriving in large numbers, issued new regulations designed to promote the cultivation of land and the more extensive employment of convict labourers. These regulations contained a schedule showing, according to the size of the grant proposed to be made, the number of acres to be brought into cultivation by the grantee, or the number of assigned servants to be maintained by him for the period of one year, in order to make his possession permanent. Towards the close of 1824 a further regulation was issued offering additional grants to settlers, according to the number of convicts maintained by them beyond what was required by the previous regulations. These additional grants were to be in the proportion of 100 acres for each convict servant maintained free of expense to the Government for one whole year. Persons who claimed grants under this rule were required to send particulars of the convicts assigned to them, with their names and the dates of their service. In March 1826 Darling annulled this regulation, after it had been in operation about eighteen months, but not before much land had been parted with.

The publication of Commissioner Bigge's report on the condition of settlement in Australia had the effect of directing much attention to the colony. Persons of ample means looked upon it as a place likely to afford remunerative openings for the employment of their capital, and persons of the labouring classes, and others with small means, saw in Australia opportunities of advancement not open to them in England. Some of the larger projects for the employment of capital in Australia did not get beyond the proposal stage, but in 1824 a Company called the

Australian Agricultural Company was successfully launched with a nominal capital of one million sterling. Among the subscribers were the Attorney-General and Solicitor-General of England, twenty-eight other Members of Parliament, including Brougham and Joseph Hume, the Chairman of the Bank of England with nine of the Directors, and the Chairman and six Directors of the East India Company, as well as a large number of bankers and other persons of influence. The Company was incorporated by an Act of the Imperial Parliament, and in 1825 a grant of 1,000,000 acres in New South Wales was made to it, and it also obtained 2000 acres of coal-land, and a monopoly of coal-working at Port Hunter for a period of thirty-one years. About the same time as this great concession in New South Wales was obtained, a Company was formed to acquire land in Van Diemen's Land, and received grants of land in various parts of the island. These were the first and largest of the extensive grants made in Australia, and the ostensible purposes for which they were arranged were, to encourage the production of pure merino wool as an export to Great Britain, the cultivation of the olive, vine, and other productions adapted to the climate, and to assist the emigration of useful settlers and female servants. Various representations were made to the British Government setting forth the great good which would flow from the establishment of these Companies, both to the Mother Country and the colony, but it is hardly necessary to say that the results, though probably promised in good faith, were never realized. These large estates could not be said to have had any influence, good or ill, on the progress of the colony during a decade or two after they had been granted, but in later years they were found to impede settlement and restrict the natural development of the districts in which they were situated.

Up to this point in the history of Australia, the one principle governing the disposal of the public estate was the favour of the Crown. That favour could not be purchased: it was extended as a matter of grace or else

it was to be merited by compliance with certain conditions specifically laid down. But the conditions of settlement which resulted from the application of these principles were looked upon as extremely unsatisfactory both by the Home authorities—who were about this time the recipients of much advice from land theorists—and by the colonists anxious to provide grazing grounds for their growing flocks. The system of grants had served a useful purpose in retaining in the colony many persons who otherwise might have left it, but it was not adapted to a growing community, and it became necessary to make provision for settlers who were indisposed to accept grants or who required larger areas than the Governors were able to grant them, without reference to the authorities in England. It was therefore thought advisable, without superseding the system of grants subject to quit-rents, to permit settlers to purchase land absolutely.

The first regulations dealing with sales were published in 1823, but it was some considerable time before the authorities could decide upon a plan which they thought would have the merit of obtaining a fair price for the land, and of encouraging settlement and not interfering with the assignment of convicts. Between 1823 and 1828 the law was changed so frequently, that hardly had one set of regulations reached the public before another was in preparation to supersede it. In 1823 it was notified that persons who wished to purchase land would be permitted to do so, after receiving the Governor's assent to their written application, but no individual was allowed to purchase more than 4000 acres, nor any family more than 5000 acres. The usual price was 5s. per acre, but for land in the County of Cumberland or on the east side of the Nepean the price was fixed, under instructions from Lord Bathurst, at 7s. 6d. to 10s. per acre. In November 1824 the Colonial Office, having in view a complete change in the law, intimated that Commissioners would be appointed to divide the colony of New South Wales into counties, hundreds, and parishes, and make a valuation of all the

land of the territory with a view of fixing an average price at which all the disposable lands should be put up for sale. The appointment of the Commissioners was made in January 1826, but the Government did not await the completion of their labours before making changes in the law. The *Gazette* of May 1825, foreshadowing their appointment, contained regulations dealing with the sale of lands, which appear to have been intended to facilitate the formation of large estates in the hands of persons with sufficient capital to work them to advantage. In September 1826 another new principle was introduced. The Land Commissioners had already so far proceeded with their work that they had placed values on the available lands in certain districts. These lands were put up for sale, and it was open to any one to apply by sealed tender for such lands, at a price not below that put upon them by the Commissioners. This system did not last long, for in August 1828 it was ordered that sale by public auction should be substituted for sale by tender. All sales were to be advertised for two months previously in the *Gazette*, but no person was admitted as a purchaser who had not the Governor's permission to bid.

Very little land was sold under either of these systems. In New South Wales only 13,672 acres were disposed of from the introduction of land sales in 1823 up to the year 1831, and in Van Diemen's Land, where the regulations were similar, only 20,356 acres were sold in the same period. The authorities had expected a much larger demand, and they were, moreover, chagrined to find that payment was evaded for much of the land that was purchased. It is difficult to see how any other result could have been anticipated. Side by side with the purchase system was that of granting land subject only to the payment of a quit-rent, and it was natural that settlers should turn to the system involving the least present outlay, especially as from previous experience they had reasonable expectation of being able to avoid payment of the quit-rents when they became due.

The regulations drawn up for the disposal of public lands aimed, as much as anything, at securing a fair price and impartiality as to the buyer, and at the same time of promoting the cultivation of the soil. In effect, none of these objects was attained. As regards grants, the regulations provided they should be given only to persons who possessed capital available for the cultivation of the land granted, equal to half its value. An inquiry was therefore necessary as to the amount of capital in the possession of each applicant, and this inquiry was relegated to a board of officials. Material, plant, and stock, as well as money, constituted capital for the purposes of a grant, and naturally a board of non-experts found it impossible to determine with any accuracy the extent of the capital available, so that in practice its inquiries were purely nominal, except where the applicant was personally objectionable. Grants were made subject to their resumption after seven years, if certain conditions in regard to cultivation had not been fulfilled; in practice such resumption was never made, the only penalty for not conforming to the required conditions being the refusal of any additional grant to the defaulter, and even this penalty was not strictly enforced. As regards sales at auction, the condition that the Governor should first give his consent, before a settler could bid, divested these sales of all real competition, and made them in practice no more efficacious as a means of obtaining a fair price than the system of private tendering which they superseded.

The insufficiency of the various substitutes for the land-grant system was recognized in England, where it was considered that the stage of development which the colonies had attained, demanded a radical change in the mode of disposing of Crown lands. Gibbon Wakefield, who had already gained the ear of the public as a person entitled to be heard on land and emigration matters, wrote at considerable length on the question of the bad system upon which land was being alienated in the English colonies,

notably in the Swan River settlement. He contended that the land might rightly be considered as the undeveloped capital of each colony, and that its disposal by free grants or at very low price was most injurious. The system, he declared, deprived the colonies of a revenue which they could employ usefully in introducing labour and on public works, while it promoted too wide a dispersion of the settlers and was a powerful factor in making the colonies centres of official favouritism and corruption. Wakefield undoubtedly attached too much importance to the mode in which the colonial lands should be disposed of : nevertheless his strictures were in the main correct. In New South Wales such sale of land as was permitted was restricted in all sorts of arbitrary ways, as has already been described. The price was lowered by the restriction of competitors, and the revenue was lessened by the fact that, as credit was allowed to purchasers, much of the purchase money was never paid. The revenue from quit-rents was practically a negligible quantity : at no period since the colony had been established had these been regularly paid. A few persons had indeed commuted their quit-rents, but the majority were in arrears for so long that the sums owing were greater than the price of commutation. Wakefield's views so influenced Lord Goderich that he determined to make a radical change in the mode of disposing of Crown lands. In January 1831 he wrote to the Governors of New South Wales and Van Diemen's Land stating that, after a careful investigation, he had come to the conclusion that the land regulations in force were founded on an erroneous view of the true interests both of the colony and of the Mother Country, and had not had the intended effect of preventing large tracts of land being appropriated by persons unable to improve and cultivate them. He reviewed the position in regard to the sale and grant of land, enforcing the objections just enumerated, as well as various others ; condemned the system of quit-rents as difficult to enforce and as yielding an inconsiderable revenue, and stated the principles which

he thought made for successful colonising. He considered that the chief interest of the colony and of the Mother Country lay not in promoting the widest possible extension of cultivation, but in the encouragement of a more intensive cultivation, which would lessen the cost of transport of agricultural products, bring about the formation of a class of labourers for hire, and thereby, while aiding the development of the colony, also extend the market for agricultural produce. He aimed, he said, at both objects in checking the extreme facility of obtaining possession of land, and ordered that it should be disposed of only by sale for immediate cash payments, and that all grants of land should cease except in cases where positive promises had been given already, or where persons had actually left England in the expectation of receiving grants in accordance with the regulations. He ordered that lists of parishes which had been surveyed, and charts showing the land for sale in such parishes, should be exhibited in the offices of the Surveyor-General. The land was to be sold to the highest bidder at a public auction, and it was to be put up in lots of 640 acres unless there was some special reason for offering a smaller lot. The restriction as to the maximum amount that might be purchased was removed, but a deposit of 10 per cent of the purchase money was to be required at once, and a contract signed for the payment of the balance within one calendar month. In a later despatch of the same month, Goderich dwelt at greater length upon the expediency of creating a free labouring class in the colony, but, though he thought that money resulting from the sale of land might possibly be employed in the scheme of emigration which he had in view, his opinion, curiously in opposition to the actual result, was: "I have some doubts whether any increase of revenue is likely, for a considerable period, to be thus obtained, and also whether it would be necessary for this purpose under present circumstances. I rather look to it as a resource which will hereafter become available for the purpose of maintaining free labourers should so large a

number be sent as to make it difficult to obtain employment for them."

The determination of the Colonial Office, to alter the method of disposing of the public estate, was made known to Governors Darling and Arthur, some little while before the regulations actually came into force. In New South Wales it was accepted without demur, although a large number of promises of grants were issued in anticipation of the new law, but in Van Diemen's Land, where, in spite of the appointment of a Legislative Council, Governor Arthur was still supreme, the policy of the Colonial Office was not so readily acquiesced in. The system of land grants subject to quit-rents established by Phillip was in force in Van Diemen's Land from its first establishment, and the experience of the island colony differed from that of New South Wales, mainly from the circumstance of the smaller extent of its habitable territory. At the close of 1823 an area of only 57,423 acres had been parted with, but under Governor Arthur's administration this area was greatly increased. Allusion has already been made to the grant of 250,000 acres made in 1824 to the Van Diemen's Land Company, in the north-west part of the island, with the addition in 1828 of 100,000 acres in the district of Emu Bay and Circular Head; to another Company, the Van Diemen's Land Establishment, was given 40,000 acres in the Norfolk Plains district. These companies were planned on the model of the Australian Agricultural Company, and it was understood that they would materially assist the Government in disposing of its surplus convict population, but the expectation was never realized, as, like all other large grants, the Van Diemen's Land Company's holdings long remained sheep-walks, requiring the employment of very few labourers.

The total area, including these grants, disposed of up to 1831 is computed to have been 1,513,815 acres—all but 20,356 acres being by grant. When the information reached Governor Arthur of the change of policy on the part of the Home Government, in the matter of land

disposal, he was at first inclined to oppose it, as he favoured a continuation of the existing system of grants subject to quit-rents, and he therefore made haste to issue "promises of grants" to as great an extent as possible, before it would be too late. According to Rusden the area alienated at the close of 1833 was 2,136,894 acres, so that in two years Arthur must have granted or promised to grant, which in effect was the same thing, about 500,000 acres. In 1833 the extent of land in Van Diemen's Land considered fit for farming could hardly have been greater than 4,000,000 acres, and the disposal of more than half this area in ten years must be considered as a gross abuse of power, even though every grant made carried with it the payment of a quit-rent.

The granting of land in Van Diemen's Land was made in a very haphazard fashion; proper surveys were not carried out nor were charts kept to define what land had been alienated, with the result that there was a considerable amount of confusion, arising from various claims being made to the same land. A preliminary investigation showed that, in not a few instances, separate grants had been made of the same land or parts of it, to several different persons, and the areas marked on the ground did not agree with the dimensions and contents of the written descriptions. It is alleged that in the absence of a surveyor with his chain, circumferentor, and poles, a favourite device for determining the length of a mile was to mark off the distance a dog, with a string tied to his tail, would run without stopping. This expedient, which was said to have been introduced from Ireland, is mentioned by Henniker Heaton, and whether it was resorted to or not, there is every indication of the greatest looseness of administration having prevailed. The grantees in many cases had been allowed to locate the areas of their grants, and it would have been against all precedent to expect that their determination would not be on the side of their own interests. Arthur appointed a tribunal called the Caveat Board to investigate claims to land, and much useful

work was accomplished by it in bringing order out of chaos.

The new system embodying as its vital principle that the vacant lands of Australia should be disposed of in one way, and in one way only, viz. by public competition, came into force on the promulgation of the regulations in 1831. The minimum upset price was fixed at 5s. an acre, and a would-be purchaser was allowed to choose land in a settled district and to ask that the same might be offered for sale. No undertaking was given that he would obtain the land, which was offered at public auction and sold to the highest bidder, but in most cases the original selector became the purchaser without competition. Although Goderich fixed 5s. per acre as the absolute minimum price of land, he stated in a despatch of July 1831 that it was intended to be the minimum price for land possessing no particular advantages, but that as the reserves which had been retained in the settled districts must be of much higher value, "care must be taken that they were not disposed of for less than they were worth." No land in settled districts, or in situations otherwise particularly valuable, was to be put up for sale except at a price "calculated, not upon that which it may be likely immediately to command in the market, but upon that which it ought to bear upon a fair comparison of its value, in reference to what has been fixed upon ordinary waste lands." These instructions were carried out as far as practicable, and the granting of land, except where specific promises had already been made, now ceased, but in neither New South Wales nor Van Diemen's Land did the settlers realize that the issue of the Goderich regulations marked a phase of land alienation intended by the English authorities to be permanent. They had seen many changes during the preceding seven or eight years, and they expected to see further changes speedily introduced. In this, however, they were mistaken, as the principle of sale by auction held the field against all other systems for some twenty years after it was first introduced, and

even at the present day forms a feature, albeit a minor feature, of most of the systems in force in Australia.

Although Arthur disapproved of the principle of sales by auction, and in a measure circumvented the Colonial Office by the issue of promises of grants, he did not express his opinion in his official despatches, but confined himself to pointing out what he considered were practical objections to the carrying out of Lord Goderich's proposals. These objections had reference principally to the loss the colony would suffer by the remission to England of large sums, obtained by the sale of lands, for the purpose of introducing immigrants. Lord Goderich pointed out that the colony would not be required to send actual specie but its equivalent, and, his fears being allayed, Arthur threw himself warmly into the scheme, especially that part of it having relation to immigration. So far as Van Diemen's Land was concerned, the demand for land was fairly well satisfied by the grants already made, and the auction sales from 1831 to 1838 did not average more than 30,000 acres a year.

In New South Wales also there was no immediate demand for land, partly by reason of the unpreparedness of the Government and partly from the reluctance, already alluded to, of a great part of the population to accept the system of sale by auction for cash as a final settlement of the agrarian question. In 1832 the land disposed of was only 20,860 acres, and in the year following only 29,025 acres, but 1834 showed the beginning of an important and significant movement fraught with very weighty consequences for the colony. The sales during the nine years up to 1840 were as follows :

Year.	Area sold, acres.	Year.	Area sold, acres.
1832 . .	20,860	1837 . .	370,376
1833 . .	29,025	1838 . .	316,160
1834 . .	91,399	1839 . .	272,619
1835 . .	271,947	1840 . .	189,787
1836 . .	389,546		

The average price obtained for land in Van Diemen's

Land was about 10s. per acre, and in New South Wales about 7s. per acre; in both cases considerably in excess of the minimum fixed by the Colonial Office. This was due, however, rather to the raising of the upset price by the local authorities than to competition on the part of buyers.

Before quitting the subject of land sales, it may be well to make some reference to town lands. Up to the year 1829 the usual tenure of these lands was by lease, though Macquarie obtained leave to make some town grants in fee simple. By a General Order of 1829 this was made the usual practice—the fee simple of town allotments being given for quit-rents of 6d. per square perch in Sydney, 5d. in seaport towns, 4d. in towns at the head of navigable water, and 2d. in inland towns. In Van Diemen's Land the rates were fixed at :

6d. to 9d.	per rod	in Hobart and Launceston.
2d. & 3d.	„ „	New Norfolk, Sorell, and Richmond.
1d. & 2d.	„ „	other townships.

When quit-rents were abolished in 1831 the minimum price of town lands was fixed by the surveyors, and in 1834 the towns were classified in six or more categories, and prices ranging from £2 to £20 per acre were placed upon the lands offered, but in some few of the old-established towns as much as £50 an acre was asked. Sydney had already established itself as an important shipping port and business centre, and land therein was valued according to its position and the price calculated by the perch. In 1834 land at the corner of George Street and Bridge Street sold at the rate of £18,150 per acre, and a block at the intersections of George Street and King Street brought £55 : 10s. per foot frontage, being at the rate of £27,928 per acre.

It will have been gathered from the foregoing narrative that the authorities, both in England and in Australia, were ill prepared to deal with any question involving the occupation of land for which there was no precedent. It is therefore easy to imagine the extent of their difficulty,

when confronted with the problem of how to deal with the country across the mountains. Before the eager eyes of the settler stretched vast grassy plains, capable of sustaining flocks innumerable, a welcome sight to men who had been restrained for twenty-five years within the narrow and comparatively barren district surrounding Sydney. There were few aborigines to dispute the possession of the promised land, and it was impossible for the Government to refuse the colonists the right of entering it. As a temporary measure Macquarie gave to approved persons "tickets of occupation" in virtue of which the holders could graze their flocks where they wished, without rent being demanded. This expedient was adopted merely for the purpose of gaining time to enable a permanent solution to be decided upon, but Macquarie's concession established the principle that the conditions applicable to ordinary settlement were not applicable to grazing on a large scale. Yet, while recognizing this, the Government endeavoured to keep the squatter, as he came to be called, within defined areas. The position was certainly one of great difficulty, but much of the difficulty arose from the persistence of the authorities in attempting to adapt the conditions to the legislation, and not the legislation to the conditions. The official policy of the Governors was to dispose of the public lands in small portions to persons who would reside on their holdings, and to confine settlement to a restricted area—expanding that area as the demand for land threatened to overtake the supply. This was a policy adapted to a strictly agricultural settlement, and was doomed to fail when the mountains were crossed and the flocks and herds had room to expand. The Governors were not unmindful of the new conditions that had arisen, or unwilling to extend the area of location and increase the size of the holdings, but they were determined to move only in a regular manner, surveying, or at least marking out the land before sanctioning its legal occupation. But no action of the authorities could possibly be rapid enough for the graziers, who found their flocks increasing prodigiously.

giously and growing almost at a bound too large for their holdings to sustain. The aim of the Governors was to make all occupation of land conform to the law ; the aim of the squatters was to save their flocks : these two aims were of course capable of reconciliation, but they were not reconciled during the period now being dealt with.

There was a constant stream of settlers passing the imaginary boundaries of the nineteen counties, and occupying any land they fancied, without any right other than that of first discovery. These unauthorized excursions were met by the passing of a law, to protect the Crown lands from intrusion and trespass, and to see that the law was obeyed certain commissioners were appointed. That this repressive legislation would continue to be disregarded might naturally have been expected. The genius of unrest had entered the souls of the squatters and they pressed outward, leaving good country to seek better and too often finding worse. The conduct of the pioneers seemed to the Governor and his advisers to be the outcome of pure lawlessness and nothing more ; accordingly new legislation imposing very severe penalties was enacted, with the view of keeping the squatters within bounds, but this new law was as systematically disregarded as those preceding it, and the unauthorized occupation of lands went on, the squatters driving their flocks north, west, and south, wherever their fancy carried them.

The constant changes in the regulations for the disposal of the lands of the colony were signs of the helplessness of the authorities to cope with the intricacies of a situation for which there were no known precedents. It was not that the squatters were not as law-abiding as any other class ; but with a vast expanse of unknown country before them it was impossible for the more enterprising among them to resist the temptation to explore it. The very efforts of the law-makers to keep them in bounds was a temptation to occupy the new country without authorization ; for when the law was so constantly being changed, there was always room to indulge in the presumption

that it might be changed in favour of the unauthorized squatter.

When Macquarie permitted squatters to occupy Crown land for grazing purposes, in virtue of the possession of a special ticket, which he caused to be issued, his idea was to make regular a condition of affairs that might easily have got beyond control. Brisbane, his successor, did not change the practice which he found on his arrival. Indeed, the absence of a survey of the colony prevented a business-like system being produced. When the Land Commission was appointed in 1826, it recommended the abolition of these tickets, which were, after all, no more than a certificate of character, designed to keep ex-convicts of doubtful reputation under the eyes of the authorities. The recommendation of the commission was carried out, and in June 1826 persons holding these "tickets of occupation" were required to send to the magistrates of their districts information as to the dates of the tickets, the area occupied, and the numbers and description of their stock; a few months later a further Government notice decreed that all "tickets of occupation should cease and determine on March 1st, 1827." After that date persons, desirous of obtaining the temporary occupation of land for grazing purposes, were required to pay a rent of 20s. per annum for every 100 acres; no definite area was given to the licensee, and he was liable to be called upon to vacate the land on receiving six months' notice to quit.

In October 1828 another Government notice was issued allowing settlers to occupy the unlocated lands adjoining their respective possessions at a rent of 2s. 6d. per annum for every 100 acres. It was to be clearly understood that the Government retained the right to all lands occupied under this tenure, upon giving one month's notice to the occupant. In September 1829 an Act was passed by the Legislative Council for the more effectual resumption of land held under both these tenures. It provided that the holding of land, occupied or selected before survey, was subject to the subsequent approval of the King, and that

if this were refused the occupier might be removed summarily after thirty days' notice. No claim for compensation for disturbance from the lands permitted to be occupied, was to be allowed, even where such lands had been cultivated, unless an express stipulation to that effect had been inserted in the original licence from the Governor.

On 14th October 1829 the "limits of location" were proclaimed, being the boundaries of the district, within which a person could locate himself, and obtain the benefit of the land regulations then in force; outside those boundaries a person might go, but he could neither purchase land nor acquire any rights of depasturage to the exclusion of any one else. The inconveniences of such a system were manifest, but some years elapsed before the squatters outside the boundaries of location obtained any recognition. This was extended to them by an Act of Council, passed in July 1836, which continued the granting of leases within the limits of the nineteen counties, and permitted the issue of licences "to depasture the vacant Crown Lands beyond the limits of location." These licences were annual; the holders were charged a fee of £10 a year, and were liable to be dispossessed at the end of each annual term. Any improvements effected on Crown lands depastured under a licence were made at the risk of the holder, and it was expressly provided that all improvements would become the property of the Crown, should the land be required for other purposes. In his regulations the Governor was careful to say that the possession of a licence gave the holder no claim to any greater protection by the civil or military force, than other persons enjoyed who resided beyond the limits of location, and the acceptance of the fee by the Crown was to be taken as a recognition of the Crown's rights and not those of the licensee. No boundaries were mentioned in the licence, and before locating himself a licensee would have to arrange his boundaries with his neighbour—not, indeed, a difficult matter at first when land was plentiful. But

before long boundary disputes arose, and the local officer of the Government was empowered to settle them: yet even when the boundaries were determined by a public officer, such settlement gave no title to the occupier further than contemplated by the Act of Council. The position of the squatter outside the limits of location was, or might at any time become, extremely unsatisfactory. He had no security of tenure, and might be turned out of his holding at short notice; it is true the Governor very rarely exercised his power in this regard, nevertheless the power was there, and its possible exercise prevented a squattage becoming a valuable saleable possession. With the vast increase of sheep, it became necessary, in order to prevent the mixing of flocks, for an owner when he had selected an area to keep to it, and, in order to support his sheep and other stock, to dam the creeks, or dig tanks or wells. Stock-yards also had to be constructed and other improvements made, for the proper working of the squattage, and in spite of their precarious tenure the squatters made various improvements on their holdings, but only such as were absolutely necessary for their proper working. Everything was of a makeshift character; the buildings were of bark, fences—where they existed—were mere logs; even the dams were of temporary structure or flimsy construction.

Within the limits of location matters were different. All the best or seemingly best lands gradually passed into private hands by grant or purchase. A process of consolidation of estates had been going on almost from the earliest days, and in this second period it was much accentuated. There were numbers of fairly large estates scattered over the settled districts, and these were greatly increased under the operation of the regulations of 1824 and 1825, giving grants in virtue of the maintenance of convicts and permitting the purchase of land by private tender. From the secure base of these estates the owners sent their flocks to graze over the public lands, and were in a position to dominate much of the best pasturages. The

whole available area of the nineteen counties was speedily occupied under licence, so that in 1836 and even before that year a newcomer seeking land from the Crown had perforce to purchase inferior land within the area of location at 12s. per acre or, betaking himself outside that area, purchase an occupier's licence and squat where he could—risking the possibility of being disturbed by adverse claimants or by the Crown, should his land be required. In this unsatisfactory condition did the holding and occupation of land stand, at the close of the second period, in the parent settlement.

From the foundation of the colony down to the year 1823, the area of land granted in New South Wales was 520,077 acres; from 1823 to the introduction of auction sales in 1831 the area granted and sold was 3,557,321 acres, but in this last figure are included the grants of 1,048,960 acres made to the Australian Agricultural Company, and various sections with a total area of 454,050 acres, reserved by Governor Brisbane for church and school lands purposes. From 1831 to 1838 the sales by auction amounted to 1,450,508 acres, so that at the close of the second period the Crown had parted with 5,981,956 acres, all comprised within the "boundaries of location." The original nineteen counties mapped out by Sir Thomas Mitchell included an area of 24,669,000 acres, much of which is mountainous or sterile. Even at the present day, when every available acre is being sought out and utilized, the total occupied area within these counties does not exceed eleven million acres, of which only 400,000 acres are under cultivation. It is therefore evident that the assertions of contemporary settlers that even in 1838 land was difficult to obtain were no exaggeration; certainly fair agricultural land must have been hard to get, except by purchase from private persons.

The difficulty experienced by New South Wales in keeping graziers to certain specified areas was experienced in Van Diemen's Land, but not of course to the same extent. At an early stage licences "to graze over Crown

lands " were issued to settlers, but in 1828 these licences were revoked, and an Act was passed for the disposal of Crown leases by auction, at a minimum rent of £1 per 100 acres. In this way about 100,000 acres were leased almost immediately; but the unauthorized occupation of Crown lands continued, and in 1832, as a means of putting an end to it, the Governor ordered the impounding of all stock found on Crown lands without authorization. A serious attempt to enforce this order was the cause of much resentment, but it speedily had the effect the Governor sought to accomplish, that is, the purchasing of Crown leases by all persons who wished to occupy public lands. Another cause of resentment was the demand made by the Governor for the payment of quit-rents, the collection of which had been neglected. The history of the quit-rent controversy is a long one, and has little direct bearing upon the industrial history of the country, but its indirect effect may be traced in the exodus which shortly afterwards took place from Van Diemen's Land. Various accounts had reached the settlers of the spacious lands across the straits and the happy lot of the pastoralist who might make his home there. Earlier in the century the colonists would have deemed their holdings in Van Diemen's Land equal to their needs, but when grants in millions and quarters of a million came to be made, there was a hope that in an untouched country grants on a colossal scale might be repeated or titles to land acquired. But Van Diemen's Land was a beautiful country, and its climate and the conditions of production were so favourable, that it was only when the Governor began to restrict the unauthorized use of land and ask for quit-rents that the movement across the straits really took shape. In 1835 a number of capitalists determined to form a colony in the territory now known as Victoria, and at the end of the period under discussion they had established themselves both at Portland Bay and at the head of Hobson Bay. But the actual establishment of the colony may be better considered in the next period.

VI

AGRICULTURAL AND PASTORAL PURSUITS

WHEN Macquarie left Australia he was able to congratulate himself on the prospects of agriculture both in Van Diemen's Land and in New South Wales, and the probable independence of both colonies of outside assistance as regards food supplies. So far as Van Diemen's Land was concerned his forecast was correct, but not so for New South Wales. In the last-named colony there were at the time of Macquarie's departure some 32,300 acres cleared and under tillage; twelve years later, during which period about 3,500,000 acres of land had passed into private hands, the tilled area barely exceeded 60,000 acres; while in Van Diemen's Land the 15,000 acres cultivated in 1821 had been more than quadrupled during the same period. The island soon became the granary of Australia and the source from which it derived a large share of its supplies. There were several causes to which the poor progress of agriculture in New South Wales might be attributed, but certainly the most potent of all was the attraction of pastoral pursuits, which were an ever-present menace to agriculture. After the mountains had been crossed and the wide plains beyond opened to settlement, agriculture ceased to have any attraction for the more enterprising settlers, who all turned to pastoral life with its freedom and infinite possibilities, and though agriculture continued to be followed, it was without enthusiasm. In the end it became the occupation of the small settlers, men without capital sufficient to enable them to obtain and stock large

grants of land, who would very gladly have abandoned it if opportunity offered.

Macquarie regretted that of the lands of which he had disposed, only one acre in twenty was given over to the plough; his immediate successors saw the proportion reduced to one in fifty, and a few years later it had fallen to one in seventy. All forms of farming, market-gardening, and dairying were alike treated with neglect, although everywhere within easy reach of the population centres there was excellent land which only needed intelligent care to have yielded abundantly. All through this period New South Wales not only imported breadstuffs, but vegetables, preserves, butter, and other products difficult to carry and expensive to handle, which could very well have been produced in the country. Taking the year 1821 as a starting-point, the breadth of land devoted to tillage in New South Wales was 17,327 acres, increasing in 1825 to 45,514 acres, at which time Van Diemen's Land had only about 21,000 acres in cultivation. In 1830 the cultivated area in each colony was about 55,000 acres, but in 1838 there were 108,000 cultivated acres in Van Diemen's Land compared with 93,000 in New South Wales. Nor does the mere statement of acreage give a full idea of the island colony's superiority, for the actual yield of crops was twice that of New South Wales.

As mentioned in the chapter relating to Prices, wheat-growing became unprofitable in New South Wales as soon as the stimulus of a fixed price was withdrawn by the Commissariat Department. Up to the year 1822 that price was rarely less than 10s. per bushel. Brisbane was undoubtedly justified in seeking to obtain wheat more reasonably, but after thirty years of nursing by the authorities, the farmers as a class were unable to grow wheat at a profit when the Government subsidy was withdrawn; and though agriculture continued to be pursued and the area cultivated even extended, wheat-growing for grain ceased to be the first consideration of the farmer, and the bulk of the wheat consumed was imported. The following

figures show the importation of food-stuffs into New South Wales for the ten years 1828–37, and also indirectly the growing importance of the settlement :

	Wheat.	Flour and wheat.	Barley, oats, and peas.	Rice.
	Bushels.	Lbs.	Bushels.	Lbs.
1828 .	85,716	320,640	8,689	401,578
1829 .	107,929	42,076	2,575	183,703
1830 .	70,904	9,226	183	29,898
1831 .	71,892	358,154	758	54,161
1832 .	44,908	30,072	977	88,052
1833 .	19,507	14,269	7,081	39,200
1834 .	15,568	345,896	6,818	407,680
1835 .	122,908	1,377,018	12,031	1,139,551
1836 .	263,956	4,385,550	27,567	474,358
1837 .	114,464	1,522,658	7,034	176,030

The count of the population and its belongings made in 1822 gave the number of sheep then depastured in New South Wales as 139,000 ; in the next six years the increase was nearly fourfold, and this rate continued with little diminution until the end of the second period, the approximate numbers being : 1825, 240,000 ; 1829, 600,000 ; 1832, 1,100,000 ; 1835, 1,750,000 ; and 1838, 2,750,000. The authorities were unprepared for this vast expansion of the pastoral industry, and, as narrated in the preceding paragraphs dealing with land alienation, they were unable to authorize the occupation of land fast enough for the demands of the sheep-owners. When the people of the colony began to realize some of the vast possibilities of the pastoral industry, there was naturally a considerable amount of speculation, both reasonable and unreasonable. The Australian Agricultural Company commenced operations on a large scale towards the end of 1825, making extensive purchases of sheep and cattle, and a veritable boom in prices was the result. The official *History of New South Wales* speaks of the rapid accumulation of wealth by the pastoralists and the mania for speculation which obsessed the whole community : “ Barristers and attorneys, military officers of every rank and civilians of every department, clergymen and medical men, mer-

chants, settlers and dealers in general were seen promiscuously mingled together every Thursday at the cattle market, striving clamorously to outbid the other." The inevitable sequel of all this would have been a reaction, as much of the speculative movement was without the slightest reasonable basis; but a severe drought setting in turned the reaction to a panic, and prices of stock fell away in 1827 and in 1828 to a figure as ridiculously low as it had been previously high. But disastrous as was the bursting of the boom to many persons, the industry itself did not receive a set-back. The sheep continued to multiply, and, what was even of more importance, the weight and character of the wool were equally improved. A number of the famous Saxony sheep were brought to the colony at different times, at first by Captain Piper in 1824, and subsequently by Jones and Ridley and the Australian Agricultural Company, which in 1826 imported 9 Saxon rams, 122 ewes, and 29 lambs, and afterwards made other important purchases.

The improvement in the New South Wales wool was general, but the finest wools were only produced in small quantities by a few of the leading growers, who were able to command, in the London market, prices equal to those paid for the finest Saxon or Spanish wool. Even as early as 1822 Macarthur sold a small quantity of merino wool at 10s. 4d. per lb., and was awarded the gold medal of the Society of Arts for having imported 15,130 lbs. of fine wool, the produce of his own flocks in New South Wales, and another large gold medal for importing certain quantities of wool equal to the fine Electoral Saxon wool. In 1828 some Australian wool of the Saxon sheep was sold in England for 5s. a pound. The vast bulk of the Australian wool was, however, of a much poorer quality, and fetched prices far below this figure. From 1822 to 1824 the range of prices for New South Wales wool sold in London was from 2s. to 3s. 6d. per lb. according to quality, though the prices might have been better if proper attention had been given to cleaning and packing, in which

matters the Van Diemen's Land growers were more careful than those of New South Wales.

The duty on Australian wool entering England was originally fixed at 1d. per lb., but in 1822 a proposal was made to raise it to 3d. per lb. from January 1823, and to 6d. per lb. in the following year. The colonists protested against the increase, which would deprive them of a large preference over foreign wools, and Bigge, who was now a recognized authority on Australian affairs, reported that its probable effect would be to stimulate the manufacture of woollen cloth in Australia—a consummation which most British statesmen of the time would have regarded as an evil. The proposal for the increase came from the farmers, but was not supported by the House of Commons, which decided in July 1822 that the duty on Australian wool should remain as it was, viz. about 1d. per lb.

In 1824 the duty on wools imported to England from Spain and Saxony was reduced from 6d. to 1d. per lb., and in the year following to $\frac{1}{2}$ d., while colonial wool was admitted free of duty. This threw the English market open to the whole world, and the consumption of wool was at once doubled. The removal of the preference of 5d. per lb. in favour of colonial wool brought down the price of Australian wool by that amount: this reduction in price was unfortunately coincident with a severe drought in New South Wales, which affected particularly the pastoral industry, causing great mortality amongst the flocks, and bringing down the export of wool in 1827 to half the quantity of the preceding year. In 1829 the best Australian wool sold at 2s. to 3s. per lb., inferior greasy wools at 6d. to 10d., with intermediate qualities at proportionate prices. In 1831 the average price of Australian wool in England was 1s. 1d. per lb., but the best of the New South Wales wool fetched 3s. to 5s., and the best Tasmanian as much as 3s. 4d. In 1836 a London broker reported the average price of choice Australian washed wool at 2s. 9d. to 3s. per lb., of middling and good wool 2s. 3d. to 2s. 7d., of ordinary and low qualities 1s. 10d. to 2s. 3d., while

wool in grease averaged 1s. to 1s. 8d. per lb. At the same time good and fine Van Diemen's Land wool sold at 2s. 2d. to 2s. 8d. per lb., and a lower quality at 1s. 8d. to 2s. 1d.

The wool produced in Van Diemen's Land at the beginning of the period was small in quantity and of an inferior quality. Most of the sheep were of the Lincoln and Leicester breeds, and the wool did not sell for more than 1s. 2d. per lb., and often brought from 6d. to 1s. in the London market. Lieutenant-Governor Sorell procured 300 merino sheep from Macarthur's flocks for the island, and at various times during the second period the breed was improved by the introduction of merino and Saxon sheep. In 1822 Raine, the most enterprising wool-grower in the island, obtained a gold medal from the Society of Arts for having opened the English market to wool grown in Van Diemen's Land, and for his exertions in improving the quality. At the close of the period much of the wool exported was well-improved merino, but it did not command in the English market quite such good prices as the best of the New South Wales wool.

Australian wool was sent principally to London, though towards the close of the period some was exported to Liverpool; in 1836 out of a total export of 22,783 bales, 17,700 went to London. The charges for freight, insurance, and brokerage were at first very considerable: in 1822 the freight to London cost $4\frac{1}{2}$ d., and the other charges $5\frac{1}{2}$ d., bringing the total charges from port to port to about 10d. per lb., which made the export of inferior qualities of wool quite unprofitable. In 1825 freight had fallen to $2\frac{1}{2}$ d. per lb., and before the end of the period it was $1\frac{1}{2}$ d. and 1d.—the charges to Liverpool and to London being the same. The improvement in wool-growing during the period related to quantity as well as to quality. In 1822 the weight of wool taken from a sheep did not average more than $1\frac{1}{4}$ lb.; in 1828 it had risen to close on $1\frac{1}{2}$ lb.; in 1835 to $1\frac{3}{4}$ lb., and in 1839 $2\frac{1}{4}$ lbs. had been reached. The wool production of 1822 had been 173,000 lbs. obtained

from 139,000 sheep; in 1838 it was 6,190,000 lbs., the produce of 2,750,000 sheep—twenty times as many sheep and thirty-six times as much wool. In Van Diemen's Land also there had been excellent progress: in 1822 the sheep depastured numbered some 182,000, and the wool clip 238,000 lbs., giving the average produce per sheep as a little above $1\frac{1}{4}$ lb.; in 1837 the clip was 3,165,000 lbs. obtained from 911,000 sheep, the average weight of fleece per sheep being then close upon $3\frac{1}{2}$ lbs. The improving effect of the Australian climate on the yield and quality of the wool of the sheep descended from mixed Indian and merino stock was thus early manifested, and already wool-producing had taken its place as the first industry of Australia.

The lucrative nature of the industry may be seen from a calculation made by Sturt about 1835. He estimated that a capital of £2814 invested in it would in five years amount to £9845, as well as affording $7\frac{1}{2}$ per cent interest in the meantime. This rate of progress was liable to be interrupted by seasonal causes, but it is quite certain that the industry was for a time enormously profitable, and attracted much capital and many enterprising colonists from Great Britain.

The cattle industry also made great progress, particularly in New South Wales, the herds tending to increase twofold in seven years. In 1825 the cattle in New South Wales numbered only 135,000 and in Van Diemen's Land about 55,000, but in 1838 the numbers had risen to 750,000 and 75,000 respectively. The rapid increase of cattle soon overtook the requirements of the settlement in regard to meat, and as the only exportable cattle products were hides and bones, it was natural that, when the number of cattle got beyond the requirements of the slaughter yard, the price of stock would decline. The boom in 1825 and subsequent years was largely a cattle boom, entirely unjustified by the prospective requirements of the colony. When it burst in 1828, the newspapers lamented that where pounds had been paid for cattle only shillings could be

realized—forgetting that the payment of pounds had never any justification.

In 1838 the position of the pastoral industry in the two colonies was essentially different. Van Diemen's Land with 1,214,000 sheep and 75,000 cattle was almost fully stocked. Allowing for large stock, the demand on the pastures was equivalent to one sheep to $1\frac{1}{2}$ acre—not a heavy burden for the land at the present day, but a severe tax when the land was unfenced and uncleared, and sheep required shepherding and cattle tending. New South Wales, if heed had been taken of the boundaries of location, would also have been considered stocked up, for there would have been the equivalent of two sheep to the acre—a burden the pastures could not carry; but the boundaries were not heeded, and just as the period was about to close, the magnificent pastures of Australia Felix were on the eve of rapid development.

VII

THE CURRENCY

THE extraordinary condition of the currency when Brisbane assumed office did not escape his attention, but it was obvious that the evil could not be cured without the application of measures that would strongly affect vested interests. During the years 1814 to 1821 there had been a gradual rise of about 25 per cent in the value of English bank notes, which had of course enhanced to the same extent the value of the Treasury Bills, drawn in Sydney on London, which were payable in them. The whole basis of the New South Wales currency rested ultimately upon the exchange value between that currency and the Treasury Bills, but as no attempt had been made to adjust the rate of exchange to the improved value of those bills—the Government still accepting the dollar as equivalent to 5s.—the country reaped no benefit from the resumption of cash payments in its colonial transactions. The rise in value of the Bank of England note had had the effect of reducing the value of the dollar in England to 4s. 2d., and it was therefore a profitable speculation to ship dollars to New South Wales, where they could be exchanged for Treasury Bills at the rate of 5s. At the beginning of 1822 a very large importation of dollars took place, two ships bringing about 80,000, while others brought smaller quantities, making the total importation in that year equal to the average value of the bank notes in circulation in the colony. Faced by the large importation of these coins, which would inevitably have brought about a fall in their

value, unless the Government had been prepared to maintain their nominal value at its own cost, Brisbane, on the advice of the Commissary-General and the Colonial Secretary, purchased a large number of dollars from the importers at a discount of about 13 per cent, and began to use them at once in payment for goods bought by the Commissariat at their nominal value. He gave, that is to say, two dollars per bushel for wheat instead of the customary Store receipt for 10s. This sudden change produced great alarm, and no little hardship and inconvenience. The value of the dollar fell immediately, an element of uncertainty was introduced into all credit transactions, and once more it became necessary to stipulate not only the price but the method of payment. The two classes principally affected were the small settlers and the commercial class. The small settlers found their chief market for corn at the Government Stores, and the price of the dollar in that market was suddenly and arbitrarily reduced. As the majority of them were deeply in debt—usually to the full value of their crops—many were ruined. To the merchants Treasury Bills for remittance abroad were an absolute necessity, as imports were greatly in excess of exports. These bills could no longer be obtained by the consolidation of Store receipts, so the merchants were obliged to purchase them with dollars at the depreciated value. The Bank of New South Wales was also greatly affected, as its notes were payable in sterling.

In these circumstances the principal inhabitants of the colony and the Directors of the Bank hastened to petition the Governor either to declare dollars legal tender for 5s. each, or to pay them from the Commissariat at their real value without altering the nominal price of goods purchased by that Department. Brisbane refused to adopt either course, but in May 1822 he proclaimed that all colonial dues and quit-rents would be received in dollars at 5s., a step which placed Government income on the same footing as the Commissariat expenditure. He continued to

purchase dollars with Treasury Bills at the highest tender, buying about £10,000 worth at a time as they were required, and to complete his reforms he reduced the value of the ring dollars and dumps to three-quarters and one-quarter respectively of the Spanish dollar, so that these coins ceased to circulate at their original enhanced value.

The divergent views taken by the Governor and by the Directors of the Bank are shown in the correspondence which took place between them, part of which is here reproduced.

*Extract from a Letter of the Directors of the Bank
of New South Wales to Sir Thomas Brisbane*

SYDNEY, May 10th, 1822.

MAY IT PLEASE YOUR EXCELLENCY—The President and Directors of the Bank of New South Wales beg leave to approach Your Excellency with a short statement of circumstances relative to the present state of the circulating medium of the colony. . . .

Since the first establishment of the colony the purchases made by the Government from the settler of the provisions and other articles necessary for the service of the Government have uniformly been paid for in money of a sterling denomination, the Government fixing the maximum price at which they would make such purchases, and it will therefore only be necessary to state the effects of the present mode of payment in dollars, recently had recourse to on the part of the Government.

The Spanish dollar has hitherto circulated at the nominal value of 5s. sterling, being about $16\frac{2}{3}$ per cent above its real sterling value as bullion. When the dollars were few in number and received indiscriminately with the stamped Government 5s. token by the Commissary, who gave bills on the Treasury at their nominal and not real value, no injury could be sustained by those persons who furnished the supplies required from time to time by Government.

Within the last three months dollars to a very alarming amount have been imported into the colony, the importers induced no doubt by the knowledge that their circulating value was greater here than in any other part of the world.

It was obvious that by such an influx of specie the nominal value of the Spanish dollar could not be main-

tained without a ruinous loss, and that the dollar must revert to its intrinsic value as an exportable commodity unless the Government declared them to be of that specific nominal value, and continued to make their sterling payment in a foreign coin thus rendered a legal tender.

The settler for a bushel of wheat receives from the Commissary two dollars, which are called 10s. sterling, and signs a voucher to that effect. With these dollars he makes a purchase from the merchant of a yard of cloth valued at 10s. sterling; the merchant refuses these dollars on the ground that they are only worth 4s. 2d. each, that being the price at which he can remit them to his correspondent, the usual course of remittance being closed by the Commissary declining to give Bills on the Treasury in exchange for those dollars at the sterling value at which he actually paid them away in the purchase of stores and provisions. . . .

*Extract from a Letter of the Colonial Secretary to the Directors
of the Bank of New South Wales*

May 16th, 1822.

GENTLEMEN—His Excellency Sir Thomas Brisbane having taken into his maturest consideration the Address . . . I have been commanded to convey to you his sentiments thereupon.

It appears to His Excellency that throughout the whole of that Address you have taken it for granted that the dollar has circulated from the very commencement of this colony until within these last three months at a sterling value of 5s., but the Governor can by no means agree to that assumption. . . .

By the Order in Council of the 25th February 1797, sanctioned by subsequent Acts of Parliament, Bank of England notes were received as cash in all payments into the Exchequer and became exclusively issued on all public dividends. The Bank, availing themselves of the immense power thus placed at their disposal, increased the amount of notes in circulation to such a degree that in the year 1814 their paper was at an average discount of 25 per cent.

By this operation the interests of the settler in New South Wales would be affected in the following manner. In the place of his 200 bushels of wheat delivered into store in the year 1814 he receives a Treasury Order for

£100 sterling, and on presentation for payment he is counted one hundred £1 notes of the Bank of England. He goes into the market with these at the above-mentioned discount of 25 per cent, and purchasing dollars at their intrinsic value of $4\frac{1}{2}$ s. each obtains in London for his wheat delivered in Sydney 340 dollars. The many persons to whom an adventure similar to this must have occurred will surely not be the first to exclaim against an arrangement by which the settler of 1822, for the same quantity of wheat turned into store, is enabled to obtain 400 Spanish dollars here, and to nett in London, after paying the expense of freight, insurance, and brokerage, as many as 380.

Bearing in mind this fact of the depreciation of English Bank paper . . . we shall find that the average prices paid by Government for bushels of wheat delivered into the Store were from 1792–1801, 10s. ; from 1802–1811, 9s. 6d. ; from 1812–1821, 8s. 10d., which gradual reduction in price in the first necessary of life was everything that ought to have been expected in a young and flourishing settlement.

Let us allow that Government is the purchaser of one-third the whole wheat product of the country, and let us see how under each of the two systems it fares with the settler having 75 bushels of wheat to dispose of :

	Under the Old System.	Under the New.
50 bushels sold in the market produced .	60 dollars	72 dollars
25 bushels sold to Govern- ment produced .	50 „	50 „
	110 „	122 „

So that the settler under the new system is an actual gainer of 12 dollars. And he would still be a gainer if he wished to remit it to England ; for 110 dollars at 4s. 5d. (the average value of consolidated dollars during the last ten years) is less than 122 dollars at 4s. 2d. by £1 : 2 : 6.

So that the settler is either way a gainer, much more the merchant. A maximum price on his commodities has never been attempted these many years, and accordingly for every 90 dollars' worth of goods which he sold under the old system he would under the new obtain 108 dollars.

The effect of this system on the Bank, however, is different. She stands in this particular case in a manner isolated from the general interest of the country.

Extract from a Letter of the Directors of the Bank of New South Wales to the Colonial Secretary

May 30th, 1822.

SIR—We will no longer delay in stating in as concise and plain a manner as the subject is capable of the reasons which induce the Bank and their debtors still to complain of the ruinous consequences of dollar payments, as at present conducted. . . .

We do not presume to question the accuracy of results deduced from a consideration of the abstract question of the depreciation of Bank Notes and the resumption of cash payments. We respectfully submit that the money transactions of an infant colony can bear no comparison with those of the greatest and most commercial nation in the Universe, and that at least practically those theories can have no manner of application to this colony. It appears to us . . . the argument in the letter with which you have honoured us defends one injurious measure by another. We by no means take it for granted that the settler has always virtually obtained 10s. sterling a bushel for his wheat, we expressly say “nominally.” We will grant . . . that by the Order in Council of 1797 that the settler received only 8s. 10d., but that is no reason why, now that peace is happily restored and that the Bank Notes are at par, he should receive only 8s. 4d. in lieu of 10s.; ought it not to be rather a reason why (having made the war sacrifice in common with his fellow-subjects in England) he should now have a full right to enjoy the return of peace and the resumption of cash payments, and not to be the only class of His Majesty’s subjects to suffer a war privation under a peace order of things?

If His Excellency is advised that 10s. is too much now for the settler’s wheat, it is in his power to reduce the price openly and avowedly, but for the sake of public confidence in the Commissary of the colony we most respectfully entreat His Excellency not to do it by imposing a depreciated, unauthorized, and illegal circulating medium.

We believe it to be well known that all the obligations of the Bank are made payable in sterling money; it must be obvious that when the circulating medium of the colony is changed to that of a coin of foreign denomination passing at a greater nominal than intrinsic or sterling value, it will be impossible for the Bank to meet its engagements

otherwise than by tendering the presumed authorized currency in payment. . . . The Bank, if it fulfils its engagements, must pay the dollar at its intrinsic sterling value and not its assumed one, consequently the Bank loses the difference between 4s. 2d. and 5s. or $16\frac{2}{3}$ per cent upon all the Spanish dollars they have received at 5s.

These dollars have almost all been received from the Commissariat at 5s. each, and it is undeniable that unless the merchant, importer, and their foreign correspondents consent to receive them at the same nominal value, the loss must fall upon the Bank. . . .

If the loss to the Bank is great, the debtors to that establishment will be equal sufferers, for the Bank can only consent to receive from them the dollar at the same rate at which it can be paid. . . .

We most respectfully beg to remark that the first purchase of dollars was completely a private transaction, and that it was in no way made known to the Bank or to the public that dollars were to be the mode of payment in future; the whole was the business of a moment; no time was given to the Bank to make the necessary arrangements consequent upon such an important alteration, and no public notice was ever given by the Commissary that it was his intention to exchange Bills on the Treasury for specie; it cannot be doubted that an open competition in this would have best insured the interests of the Government, and the public would have been in some degree prepared for the measure.

We feel it our duty further to notice that since the first purchase of the dollars imported on the *Nimrod* the same description of coin has been bought to a large amount, whilst not the slightest notice has been taken of the prior tender of dollars made by the Bank in exchange for Government Bills. It would doubtless under the necessity of the case have been better for the Bank to have made a considerable sacrifice rather than lose all, but the opportunity has never been afforded her, though it can be proved to His Excellency that at this moment Treasury Bills are as commonly given in payment for supplies by the Commissariat as dollars, and that the Bank forms nearly the sole exception, on what principle of equity we respectfully leave to His Excellency to determine.

Leaving out of consideration the complaints made by the Directors in the concluding paragraphs of their second

letter, it is plain that the dispute between the Bank and the Governor arose from a difference in point of view. There was no question that a change in the currency system was necessary. The Governor considered that the cost of rehabilitation should fall upon the people of the colony, who had been reaping for several years a large advantage from the resumption of specie payments, while the Bank contended that the cost should be borne by the Government, as otherwise it would fall not upon the people at large, but on a small section of them. In the circumstances it was inevitable that an appeal would be made to the Secretary of State to disallow Brisbane's action. Lord Bathurst appears to have given the appeal very serious consideration, but in the end he approved of the action of the Governor, although he thought that at the time the change in the form of payment was made "the Commissary-General ought to have been instructed to advertise for his supplies of all descriptions, and to have accepted the lowest offer." He did not think that any of the inhabitants could have had a reasonable ground of complaint, if the new system of paying in dollars had been adopted upon notice and simultaneously with a system of procuring supplies by competition. The despatch containing this advice was not written till March 1823; in the meantime (in January 1823) Brisbane had adopted the tender system for supplies to the Commissariat, a course in which he was guided by the recommendation of Major Bigge's report. The effect of its introduction was a still greater depression in prices, an effect very different from the one which Lord Bathurst clearly contemplated. When the harvest of 1823-24 came into the market, the price of wheat sank to between 4s. and 5s. per bushel at Sydney, and Lang states that the Commissariat obtained its supply for the first quarter of 1824 at 3s. 9d. (currency) per bushel, though the harvest was by no means abundant. This extremely low price he attributed to the fact that the Government bought supplies for three months only, whereas the settlers were accustomed to sell the year's

supply as soon as the harvest was gathered. In their haste to sell as much as possible, in order to meet their liabilities, they underbid each other and prices were reduced far too low. They rose in consequence as the year advanced, and the tender system was modified subsequently, so that the supplies for the whole twelve months were purchased at the beginning of each year.

In February 1823 the order was made that Spanish dollars would be received in payment of colonial dues, estimated in sterling, at the highest rate at which they had last been received in public tenders to the Commissariat. At the same time the accounts of the Naval Officer and Colonial Treasurer were ordered to be kept in dollars. This order was intended to obviate the necessity for calculating the varying rate of exchange between sterling and dollars. Brisbane desired to see the dollar the ordinary measure of value within the colony. This was very natural, as it was at the time the most widely diffused coin in the world, and the supply of British money was very limited. The people of New South Wales were not, however, inclined to give up the nomenclature to which they were accustomed, and prices continued to be quoted in sterling, though they were paid in dollars. Even the Government was not able to make its own usage uniform, as it was bound by past agreements, and, while the Commissariat paid for its supplies in dollars at 5s., the civil officers were paid in dollars at 4s. 4d., and the military in dollars at 4s. 8d.; colonial dues were received in dollars calculated at the rate at which they had last been bought by the Commissariat. There were thus four official values to the dollar, and to make the confusion worse, in March 1823 the Provost Marshal gave notice that in payment of writs of execution he would receive Spanish dollars at 4s. and the ring dollar at 2s. 10d. only, as its intrinsic value was less than three-quarters of the ordinary dollar. This state of things was confusing in the extreme. In July 1823 the Bank of New South Wales gave notice that it would pay its sterling notes in Treasury Bills or in

dollars reckoned at 4s. 2d., at the option of the holder. In ordinary retail transactions the dollar was accepted commonly at its "currency" value of 5s., but tradesmen advertising in the Sydney papers distinguished frequently between prices for currency and for sterling, the difference being about 20 per cent. In the payment of wages so far as these were paid in money, the dollar was reckoned at its currency value.

In order to remedy this state of affairs a Board of Officers was appointed by Brisbane to fix a rate upon the Spanish dollar, at which all public offices should be instructed to receive it. They reported in September 1824, suggesting 4s. 4d. as the most convenient rate of exchange—the intrinsic value of the silver in the coin being then 4s. 3·79d. They pointed out at the same time, however, that the trouble of any conversion might be avoided in the case of *ad valorem* duties by causing the importers of goods to depose to their value in Spanish dollars and not in sterling. In the same month, and probably in consequence of this report, it was proclaimed that bills and promissory notes, which had hitherto been required to be drawn in sterling, would be equally valid and negotiable if drawn in dollars, and the Bank of New South Wales accordingly began to issue its notes in dollars. In May 1825 the proclamation was made that in all payments to the Colonial Fund, the dollar would be received at 4s. 4d., as that was the average rate of exchange paid for Treasury Bills; at the same time, the Governor reserved the right to vary the rate of exchange, if it should be necessary.

Brisbane was recalled in May 1825, and it has been variously stated that his recall was due to the disapproval of the Home Government of his action on the currency question. The despatch from Bathurst specified no reason, but a private letter from him to Brisbane, by the same vessel, attributed the action of the Government to the misunderstandings which had arisen between Brisbane and Goulburn, the Colonial Secretary, who was removed at

the same time. The Government, unwilling to attribute the blame of these misunderstandings to either, thought it advisable to remove both from office. It seems clear that the disputes were of a private nature and not due to the currency question, for in the important steps which Brisbane took in that matter—the purchase and issue of dollars and the subsequent fixing of the dollar at 4s. 4d.—he acted upon the advice of Goulburn. Brisbane's action on the currency created a strong party against him in the colony, and produced a factious opposition in other matters, and with this opposition Goulburn became partially identified.

Dr. Lang in his *Historical and Statistical Account of New South Wales* makes the statement that Brisbane's action was disapproved by the Home Government and reversed by them subsequently, but this is incorrect. The purchase of the dollars for use by the Commissariat was approved by the Home Government when it was reported to them, and in the introduction of the tender system as well as in the fixing of the dollar at 4s. 4d. Brisbane merely anticipated by a few months the instructions of the Colonial Office.

In the matter of the rate of exchange of the dollar an Order in Council was passed in March 1825, dealing with the question in all the British Colonies where the dollar was current. It was then decreed that wherever the dollar was current at 5s., 17s. 4d. British silver money should be equal to £1 of such money of account, and that the dollar should be estimated at this rate in the payment of the troops. The Governor was ordered to issue a new schedule of the rates and duties payable to the Crown specifying them in dollars and in British sterling money, and to instruct the civil officers to render their accounts in British money. At the same time he was informed that it was the intention of the Government to send out to the colony £40,000 in British silver with a proportionate amount of copper at the earliest opportunity. The rate of exchange of Treasury Bills for British silver was fixed at 3 per cent

premium, a bill for £100 costing £103 of English silver money, but for other coins the cost was to vary with the current rate of exchange. At the same time it was ordered that all Government contracts and agreements made after January 1826 should be paid in British sterling, at its nominal value, or in other coins at the current rate of exchange, and that all Government accounts should be kept in sterling. This order was promulgated in New South Wales in January 1826, and the Bank of New South Wales at once began again to issue its notes in sterling. In July 1826 it was once more made illegal to draw promissory notes or bills of exchange in other than sterling denominations.

During 1825 the Bank of New South Wales had in circulation notes to the value of 101,577 dollars. In the same year the notes of the Waterloo Company (a private trading Company engaged in various branches of business) circulated to the extent of 16,000 dollars, showing that the existence of a bank had not caused the complete suppression of private notes.

The first remittance of British silver money arrived early in 1826, but there was some delay in putting it into circulation. In the meantime the premium on Treasury Bills increased, and the merchants found it cheaper to meet their obligations abroad by the shipment of dollars than to pay the premium on Treasury Bills. As the Government was preparing to introduce the new British currency, it took no steps to prevent this exportation of specie, so that very soon the quantity of money in circulation became altogether too small for the requirements of business, and the colony was plunged once more into the difficulties of an inadequate currency. In June 1826 the Bank of New South Wales declined to renew more than 75 per cent of its outstanding bills, a course which affected the trading community very seriously. The Governor (Sir Ralph Darling) offered to lend the Bank £20,000 in English sterling, but for some months the Bank refused to avail itself of the accommodation, and added to the stringency

of the market by refusing to discount any new bills. Under these circumstances holders of bills were at the mercy of private bill discounters, who charged about 30 per cent, the Bank rate of discount being 10 per cent. At this crisis a number of Sydney merchants and others determined to establish another bank, and in August 1826 the Bank of Australia began business with a capital of £222,000 in £100 shares. This, combined with the gradual introduction of English coins, relieved the situation, and the discount on ordinary bills fell to 8 per cent. During 1826 £50,200 of English silver and copper money was received in the colony, and in the two following years £13,210 and £20,000 respectively. In addition to this sum sent by the Government, it is estimated that about £50,000 was introduced by private persons, so that in 1828 at least £130,000 of British coin was in circulation. But the colony was not yet free of trouble. Owing to the difficulty in obtaining Treasury Bills during 1826, imports were very much restricted, and those who were able to import secured a profit on their goods variously estimated at from 200 to 400 per cent. The prospect of such gains led to a reckless increase of imports, which advanced in value from £362,000 in 1827 to £570,000 in 1828. There was a glut in the market and prices fell enormously, being further affected by the restricted purchasing power of the community, due to losses arising out of the drought which lasted from 1827 to 1829. Business became demoralized, and very few people were willing to give credit even to persons of assured solvency; the Banks again declined to discount bills; it was impossible for persons who had made purchases at the high prices of 1827 to meet their liabilities, and there were numerous failures. Fortunately, the cessation of the drought, coupled with a large diminution of imports in 1830, soon placed business on a better footing, and from 1831 to the end of the period the colony was in a state of great prosperity.

In 1828 the ring dollars and dumps were withdrawn from circulation, the Governor receiving them at 3s. 3d.

and 1s. 1d. respectively. The dollar itself still remained in circulation, passing partly at its "currency" value of 5s. and partly at the sterling value of 4s. 4d., according to the nature of the transaction. The anomaly was removed in 1829 when the traders agreed to accept the dollar only at its sterling value. There was immediately a loud outcry, which was really senseless, as the agreement did not actually affect prices. These had previously varied with the medium in which they were paid, and the discarding of currency did not affect prices when quoted in sterling.

Besides the Spanish dollar, numerous other foreign coins remained in use, and in 1829 the Governor issued a notice stating the value of the different foreign coins circulating in the colony, reckoning pure silver at 5s. 2d. per ounce. These were :

	s.	d.
French five-franc piece . . .	4	0
„ two „ . . .	1	8
Sicilian dollar or scudo . . .	4	1
„ piece of 40 gr. . . .	1	5
„ „ 20 gr. . . .	0	9
Spanish dollar . . .	4	4
United States dollar . . .	4	4
Calcutta rupee . . .	2	1
Bombay or Surat rupee . . .	1	11

The coins were to be issued to the troops at these values when British coin was not in the military chest—a regulation which shows that the supply of the last-mentioned coin was insufficient. The currency, however, was on a far sounder basis than it had been at any previous period ; there was no longer any doubt as to the value of the standard coinage, and banking facilities had increased very much. In 1834 the Commercial Bank was established, and the Bathurst Bank in the year following. In 1836 the Bank of Australasia began business with a capital of £400,000, of which a large amount was subscribed by British investors ; this bank had several branches in New

South Wales and Tasmania. In 1832 the Savings Bank was established by the Governor to meet the wants of the working-classes, and deposits as small as 2s. 6d. were received.

The peculiarity of the Government business, and the manner in which it was carried on, frequently led to there being a shortage of available coin, in spite of the increasing quantity brought out by settlers. This was especially the case towards the end of the period. The rapid increase of population, the general prosperity, and the large sales of land gave the Government a revenue beyond its immediate requirements. The proceeds of the land sales were not used for ordinary State purposes, but accumulated in the Treasury, until the Governor could determine upon a policy of expenditure. In February 1836 the chief officials of the Banks of New South Wales, Australia, and Bathurst estimated that the total coin in the colony amounted to £381,778, of which they calculated the Government held £170,000 in the Treasury vaults, and £155,215 stood to the credit of the Colonial Treasurer and the Commissariat Department in the local banks as deposits payable on demand. This left but £56,563 worth of coin at the command of private persons, a condition of things which seemed very dangerous, and in regard to which the Bank authorities drew up a memorial to the Government. They argued that the large excess of revenue over expenditure, coupled with the power of the Commissary to meet charges on his department by the sale of bills, was likely to lead to the gradual, but complete absorption of the circulating medium of the colony, which must produce commercial disaster. They suggested as a remedy that the Government should use the whole of the land revenue to promote the immigration of labourers, thereby restoring the balance between revenue and expenditure, and doing away with the large reserve of coin which it was accustomed to keep at the Treasury. This course was adopted by the Government, and for the time being the situation became easier.

The condition of the currency in Van Diemen's Land during the period was at no time satisfactory, but the very much smaller volume of trade in that colony made the matter less important than it was in New South Wales. The amount of coin in the island colony was very small, most transactions being carried through by the use of paper money of one sort or another. Promissory notes were in constant circulation, even for such small sums as 3d. Many of these notes were merely written promises to pay certain sums, but those issued by the larger business houses were printed from copper plates in red ink. Tradesmen's metal tokens were also used from a very early date; remarkable amongst them was one made for M'Intosh and Degraives, saw-mill proprietors, which bore the impression of a kangaroo, surmounted by the word "Tasmania." It was issued in 1823 at the nominal value of 1s. In 1824 the Bank of Van Diemen's Land came into existence, and its notes became an important part of the currency; and towards the close of the period the Bank of Australasia opened branches at Hobart and Launceston.

It will have been observed that throughout this period the colony was liable to credit crises. The unsatisfactory condition of the currency had, of course, a good deal to do with this, but it must be remembered that a large proportion of the business people were ex-convicts, and when the financial position became the least strained, creditors were sometimes inclined to take a dull view of the prospects of their debts being paid. This not unnatural attitude of mind was in itself conducive to panic. The rate of interest on investments in Sydney was very high at all times; building investments frequently brought to their owners 30 per cent per annum, and 15 per cent was a common rate for mortgages; the interest exacted by money-lenders on small loans was enormous, and the Banks themselves never discounted bills at less than 8 per cent. In 1834 the high rate of interest was brought before the courts, and the question discussed as to whether

the Statute of Anne's reign limiting interest to 5 per cent was operative in the colony. In the end it was decided that to enforce the Statute would be ruinous to business, and Governor King's Order of 1804 limiting interest to 8 per cent was re-enacted, but, as might be supposed, the enactment remained practically a dead letter.

VIII

TRADE AND PRICES

THE commerce of Australia developed very much after 1820, but the imports remained so largely in excess of the exports as to constitute at times a source of serious financial difficulty. This excess represented the inbringings of immigrants and the imports on Government account due to the requirements of the convict settlements, and its extent may be gathered from the fact that in 1825 imports were valued at £388,161 and exports at £123,837; from 1826 to 1830 the average yearly trade was imports £667,000 and exports £209,000, and from 1831 to 1835 imports £1,204,000 and exports £670,000.

The trade of the colony was carried on chiefly with England and her dependencies. Thus in 1828, half-way through the second period, when the value of goods imported into New South Wales was £570,000, the share of the United Kingdom was £399,892, whilst goods brought from British colonies were valued at £125,862, and £44,246 represented the value of the imports from foreign states. In the distribution of the exported goods there was a still greater disproportion. Taking the same year, the exports to the United Kingdom were valued at £84,008, those to the British colonies at £4845, and those to foreign countries at £1197 only.

A glance at the list of imports shows that the emergence of the settlements from the convict stage was in rapid progress. The foreign goods included tea from China; rice from the East; coffee, pepper, and spices from the

Dutch East Indies ; tobacco from the United States and Brazil ; pitch and tar from the United States and Scandinavia ; cigars from Havannah and Manila ; sugar from the Philippine Islands ; and wine from Madeira and Teneriffe. From the United Kingdom the colony was supplied with almost all its manufactured goods. As for the colonial trade, reports show that wine and raisins were imported from the Cape ; sugar from Mauritius ; rum from the West Indies. New Zealand sent flax, potatoes, timber, and maize, to the extent of about £25,000 yearly. Inter-course with India, which had been so frequent during the first period, was very slight at the beginning of the second period owing to the altered position of the East India Company ; but it revived slightly after 1827, rice, sugar, and cigars were imported thence, and there was a small export of horses and coal.

Communication between New South Wales and Van Diemen's Land, which during the earlier period depended upon small traders, whose departure was often delayed and whose voyage impeded by weather conditions, became regular and more rapid. There were frequent sailings of colonial vessels and the ocean traders now regularly called at Hobart on their voyage to Sydney. The two colonies, however, were developing along different lines, in spite of the identity of the general policy of their governments and their many common interests. The cause of this difference lay in the opposite character of their inhabited territory, and while in Van Diemen's Land population tended to concentrate according to the necessities of agriculture, in New South Wales the population became diffused as grazing became the dominating pursuit.

The chief articles of export both of New South Wales and Van Diemen's Land were wool, oil, sealskins, and timber, and of these the two first were by far the most important. The production of wool increased very rapidly, and almost the whole of it was exported. The growth of the wool trade is shown by the following figures :

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		Wool exported to England from		Total.
		New South Wales.	Van Diemen's Land.	
		lbs.	lbs.	lbs.
1821	. .	..	..	175,433
1822	. .	..	..	138,498
1823	. .	..	..	477,261
1824	. .	..	..	382,907
1825	. .	..	..	323,995
1826	. .	..	..	1,106,302
1827	. .	320,683	192,075	512,758
1828	. .	967,814	606,372	1,574,186
1829	. .	913,322	925,520	1,838,842
1830	. .	973,330	993,979	1,967,309
1831	. .	1,134,134	1,359,203	2,493,337
1832	. .	1,425,657	951,131	2,376,788
1833	. .	1,969,668	1,547,201	3,516,869
1834	. .	2,225,823	1,331,715	3,557,538
1835	. .	2,688,440	1,521,861	4,210,301
1836	. .	3,008,022	1,983,786	4,991,808
1837	. .	4,606,915	2,453,610	7,060,525

The development of the industries producing the exports of wool, oil, sealskins, and timber has been dealt with in connection with the previous period and need not be referred to here. As regards wool, it may be mentioned that in 1822 and even in 1828, Australia was hardly considered in the world's trade, but at the end of the period it had begun to be recognized that not only was the country likely to be one of the world's great suppliers of wool, but that it had already become a factor in the supply of a most important class of fine wools, of which Great Britain stood greatly in need.

With the development of trade already noted, there was a corresponding increase of shipping. In 1826 sixty vessels with a capacity of 17,178 tons arrived in New South Wales; ten years later the number of vessels was four hundred, and the tonnage 80,114. It will be noted that the average tonnage declined from 286 to 200 tons; this was mainly due to the number of small colonial vessels employed at the latter period. Shipbuilding, which promised well during Macquarie's régime, languished during the period immediately after his departure, but

after 1828 there was an important revival. In 1833 there were thirty-five Australian-built vessels trading to and from Sydney and various colonial ports and the islands in the Indian and Pacific Oceans, and in addition there were some forty colonial vessels engaged in the whale fishery. The first steamer made her appearance in colonial waters in 1832, and in 1834 steam packets were plying regularly between Sydney and Maitland, Newcastle and the Hawkesbury—a very strong indication that an industrial era was setting in, which would soon swamp the uneconomic conditions of the original penal settlement.

Prices during the second period were uniformly lower than in the first period and showed much greater stability—the natural result of the more settled condition of the colony and of its increased intercourse with other countries. They were nevertheless subject to considerable fluctuations. This was especially the case with bread-stuffs, for which—notwithstanding the attention paid to wheat-growing in Van Diemen's Land—the settlements as a whole were partly dependent upon outside supplies. Many other articles of food and almost every class of manufactured goods had to be imported, and the supplies of these articles were not so regular as to maintain a steady level of prices.

The quantity of grain grown in New South Wales was not sufficient to provide for its wants even in normal years, and wheat and other grain were imported regularly, chiefly from Van Diemen's Land. Previous to 1822 the local supply of wheat had been stimulated by the high and practically constant price of 10s. per bushel, which was given by the Commissariat Department for wheat taken into the Government Stores. At the end of that time, though the Government had ceased to sell wheat, and purchased enough only for its own dependents, the Commissariat was the buyer of about one-third of the wheat in the market, and the price it was willing to give was, therefore, a considerable factor in determining the price obtained by the grower. In 1822 Brisbane reduced this

price to about 8s. 8d. per bushel by paying two dollars, which only nominally represented 10s., in place of the Store receipt for that amount which had been given previously. In the following year the tender system was adopted by the Commissariat, with the result that supplies were obtained for 1823 at 7s. 6d. per bushel. At the beginning of 1824 the price of wheat in the Sydney market ranged from 4s. to 5s. per bushel, and the Commissary bought supplies for the first three months of the year at 3s. 9d. This low price was due not to a plentiful harvest, but to the anxiety of the farmers to sell as much of their grain as possible immediately after it was gathered, and there was a general feeling that the Government was taking advantage of the farmers' necessities in accepting wheat at so low a price. As the year advanced the price rose. In July it had reached 10s. a bushel, and in September 13s. 6d., and large importations became necessary to meet the requirements of the Commissariat Department. This direct importation of grain by the Government was greatly resented by the Sydney merchants who posed as the champions of the agricultural interests; and later when the Governor sent a ship to Batavia for grain, the merchants contrived to have it seized on the ground that it violated the charter of the East India Company, as it was found to have on board, in addition to the supply of wheat ordered, a small quantity of tea which the vessel was not licensed to carry. The whole question of the interference of the Governor with the supplies of the colony was raised in this way. Ultimately the cargo was given up, and the Governor was supported in his action by the Home authorities, but he was at the same time advised to interfere as little as possible with the importation of goods, as direct trade by the Government must necessarily be prejudicial to the interests of the mercantile community. This incident marks another stage in the advancement of the settlement from the convict stage and the growing importance of the trading community.

The market for grain was ill managed, so that it was

subject, even in normal years, to periodic fluctuations of great violence, which would not have occurred had the Government not abandoned its right to protect the general community and itself against the power of the merchants, by importing grain when the supplies were cornered. The small settlers, who chiefly supplied the market, were unable to hold their stocks of grain very long after harvest, therefore prices were unduly low at the beginning of each year, and from July to September there was commonly what the *Sydney Gazette* described as an artificial famine, engineered to a great extent by the grain dealers and the bakers.

The first period had been marked by a combination of officers to enhance the price of commodities, the control of the supply of which was practically in their own hands; this was broken down by the action of the Governor in importing goods on public account and retailing them at the Government Stores at reasonable rates. Some ten years after the suppression of the officers' monopoly the control of the market in breadstuffs was acquired by a few merchants, who were, in many ways, no unworthy successors of the officers. The price of wheat, which in January 1824 was 5s. the bushel, rose, as already narrated, to 13s. 6d. in September of the same year, and remained at a high level until the abundant harvest of 1826, when it fell to between 5s. and 6s. the bushel. Although 1827 was a year of deficient rainfall, the surplus of wheat from the previous harvest was so large that prices did not go above 6s. until July 1828, when they rose as high as from 15s. to 18s. currency, or 13s. to 15s. 8d. sterling; maize sold at 11s. to 12s., and barley at 10s. currency. The Governor might reasonably have imported grain which could have been landed in Sydney at 6s. the bushel—the price paid by the importers—but, the policy of non-interference having been adopted, he confined himself to directing that a portion of the wheat in the Government Stores should be sold, on each market-day, in lots of 24 bushels for the accommodation of the smaller dealers, and that the profit

so obtained should be used to supply poor settlers with seed maize. The Government ration of bread was reduced from 9 to 7 lbs. per week, and private employers were encouraged to make a similar reduction. At the same time, elaborate regulations were issued as to the qualities of bread which the bakers might make, and authorizing them to use rye, barley, and other similar substances in the making of household bread. These measures were but slight palliatives, and had it not been for the plentiful harvests of Van Diemen's Land the price of wheat at Sydney would have remained at 18s. the bushel; as it was, it fell at the end of 1828 to 10s., at which figure it stood until the abundant harvests of 1829 and the subsequent year brought the price down to 6s. 9d. and 5s. 5½d.

These small details are given to illustrate the dependence of the community for its staple food upon the merchants of Sydney. There was no ostensible combination for the enhancement of prices, but there was a working arrangement which acted quite as effectively for the oppression of the farmer and the fleecing of the general community, as if it had been based upon a formal document. The farmer was almost invariably a poor man, compelled to bring his whole produce to market at the earliest opportunity. It was the policy of the early Governors to encourage him and to buy his produce at a price which would give him a good return for his labour, and this was continued until the change of policy which marked the exit of Macquarie. With Macquarie and his predecessors it was not a question of regulating prices according to supply and demand; the Commissariat bought its supplies at a fixed price. But from 1822 onwards the principle of open tendering was introduced, and the farmer was the sufferer. When grain was plentiful, prices became too low to repay the cost of production, and there was no external market for the surplus grain; when the harvest was bad the farmer derived little compensation for a short crop by higher prices, as owing to the necessities of his position he was unable to hold his

grain until the demand established the price, but was compelled to part with it, either to the Government Store-keeper or to the merchant, at an unremunerative figure, and to have the mortification later in the year of seeing the price advance to whatever the merchant chose to demand, which would be as high as the community was able to pay. It was complained that by combination, merchants and millers were able to advance prices threefold in a few weeks, and although the consumption slackened under the advance, enough wheat was consumed at the higher price to pay the manipulators handsomely, even should they be caught at the end of the year with a larger stock of grain than they reckoned on, in the event of the new crop turning out to be abundant.

The average price of wheat from 1823 to 1838 is given in the following statement, the figures in the earlier years being reduced to sterling from the currency prices in which they are stated in the *Gazette* :

	s.	d.			s.	d.
1822 .	9	4	per bushel.	1831 .	5	6 per bushel.
1823 .	5	7	„	1832 .	5	11 „
1824 .	7	6	„	1833 .	4	3 „
1825 .	9	6	„	1834 .	8	3 „
1826 .	7	2	„	1835 .	7	4 „
1827 .	5	6	„	1836 .	7	8 „
1828 .	11	7	„	1837 .	6	11½ „
1829 .	10	0	„	1838 .	7	0 „
1830 .	6	9	„			

These averages do not, however, give any clear idea of the actual variation of prices, which was sometimes very considerable in the same year; thus in 1824 the prices ranged between 4s. the bushel in February and 13s. 7d. in October, and in 1828 between 6s. 6d. in January and 18s. in October, and there were few years in which the highest price was not more than double the lowest.

The practice of fixing the assize of bread was continued down to 1831, but the bakers did not adhere to the price fixed by the magistrate—the 2-lb. loaf being usually sold at ¼d. to 1d. above the assize, and during times of scarcity

the difference was much greater. Thus in October 1824 when the assize was $6\frac{1}{2}$ d. the bakers were selling at 9d., and in other years there was a similar disparity. In ordinary years the price of bread varied somewhat regularly with that of wheat; when, however, wheat was selling at an unusually high price, the price of bread was generally less than might have been expected. This was not, of course, due to any sacrifice of their interests on the part of the bakers, but to a lowering of the quality of the bread made, and to the device of selling short weight, which, from contemporary evidence, appears to have been extremely common. The average price of the reputed 2-lb. loaf from 1822 to 1838 is set out in the following statement :

	<i>d.</i>		<i>d.</i>
1822 . . .	$5\frac{1}{4}$	1831 . . .	4
1823 . . .	$4\frac{1}{4}$	1832 . . .	5
1824 . . .	$4\frac{1}{2}$	1833 . . .	4
1825 . . .	$4\frac{1}{4}$	1834 . . .	5
1826 . . .	$5\frac{1}{2}$	1835 . . .	4
1827 . . .	$4\frac{1}{2}$	1836 . . .	$5\frac{1}{2}$
1828 . . .	6	1837 . . .	3
1829 . . .	7	1838 . . .	5
1830 . . .	$4\frac{1}{2}$		

In Van Diemen's Land the price of wheat to the consumer was not usually less than it was in New South Wales, notwithstanding the more uniform and better average yield. The two markets were naturally in close correspondence, but prices were so regulated by the traders that, although the New South Wales consumer had usually some advantage from an abundant harvest in Van Diemen's Land, it was not often that the residents of the island colony benefited by abundance in the Mother Colony.

The continued expansion of the pastoral industry, rendered possible by the constant opening up of new and excellent pasture lands, caused the price of meat to be low at all times during the period. The average price of fresh beef in Sydney varied between 5d. and 6d. per lb. during the opening years, but in 1828, when bullocks were selling

for £2 per head and sheep at 4s. 6d., the price of meat fell very much, beef could be bought for $1\frac{3}{4}$ d. per lb., and the Commissariat Department obtained its whole supply for the year 1829 at 2d. per lb. The low price of $1\frac{3}{4}$ d. in 1828 was for a short period only, and when the panic prices of that year gave way to more reasonable rates the retail price of beef was about 4d. per lb., mutton 5d., and pork 7d.; but beef could be had from the butchers at 3d. per lb. by the side or quarter, and mutton at $3\frac{1}{2}$ d. to 4d., and these prices may be accepted as the average rates from 1828 to the end of the period. In the country districts the people lived very largely upon meat, which could be procured very cheaply wherever there was sufficient population to warrant the establishment of a butcher's shop.

During the first half of the second period the settlements still depended mainly upon imported supplies of butter and cheese, the prices of which had declined somewhat as compared with those of the first period. The average price of salt butter for 1822–29 was from 1s. 9d. to 2s. 6d. per lb., and of cheese 1s. to 1s. 2d. per lb.; in the 'thirties the prices tended to settle at from 1s. 6d. to 1s. 9d., at which figure butter could be imported from Ireland, but occasionally, as in 1830, butter was sold as low as $9\frac{1}{2}$ d. per lb., and in the following year at 1s. $1\frac{1}{2}$ d. This was due to a temporary glut on account of over-importation, prices speedily righted themselves, and owing to the drought advanced considerably as the period drew to a close. The price of fresh butter was usually about 8d. per lb. higher than that of salt butter; this was partly due to the scarcity of skilled labour for dairy work, but the difficulty and expense of carrying a supply of fresh butter to Sydney must also have affected its price, as is shown by the cheapness of colonial cheese, a commodity which could be kept easily and carried at convenient times. The supply of colonial cheese was not large at the beginning of the period, but after 1830 the local cheese had not only practically ousted imported cheese of the common sorts from the New South Wales market, but had become an article of export

to the Isle of France and Réunion. The trade returns group butter and cheese together. In 1837 the export of these commodities amounted to 89,000 lbs., and in 1838 to 164,386 lbs., but in these quantities it is probable there was very little butter. The price of cheese in Sydney up to 1828 was usually upwards of 1s. per lb., but after 1831 locally made cheese sold sometimes as low as 5d. and usually at 6d. per lb.—the prices in 1837 and 1838 being a little higher.

The supply of milk was abundant; in the country districts the price was very low, and milk frequently formed part of the ordinary rations of agricultural labourers—7 quarts weekly being given in lieu of the customary allowance of 2 ounces of tea and 1 lb. of sugar. In 1831 the Commissariat accepted tenders for milk at $1\frac{1}{2}$ d. and $2\frac{1}{4}$ d. per quart according to the place of delivery, but the usual retail price in Sydney was much higher, and during the whole period it may be taken as 6d. per quart. The supply of vegetables was fairly adequate, and prices were somewhat lower than during the first period. Naturally the chief vegetable grown was the potato; the Van Diemen's Land produce was usually more abundant and of a better quality than that of New South Wales, and commanded a somewhat higher price in the Sydney market. Thus in 1838 the New South Wales potatoes sold in Sydney for from 5s. to 10s. per cwt. at different seasons—the Derwent potatoes varying from 10s. to 14s. per cwt. The years of drought were invariably accompanied by a great scarcity of vegetables; the market price of potatoes in 1828 was 15s. 7d. per cwt., while in December of that year it had reached 21s. 8d.

The colony had become a little less dependent upon external supplies of manufactured goods than in the first period. There were several breweries and distilleries, and there were manufactures of coarse pottery, woollen cloth, hats, soap, candles, and salt; but the bulk of all these articles was still imported, even at the close of the second period. Thus, though sperm and other candles were made

in the colony, and also soap, more than one and a quarter million pounds of these articles were imported in 1836. The salt made had not quite so good a reputation as the imported article, and considerable quantities were needed, as beef was salted for the supply of whalers and other ships. Some of the leather required was tanned in the colony, mimosa bark being used for the purpose, but boots, saddlery, and other leather goods were imported—the local manufacture of these articles being small and of inferior quality. Large quantities of tea and sugar were imported, the former article being used almost at every meal by a large section of the population; it was imported direct from China, and the price showed considerable fluctuations on account of the irregularity of the supplies. In 1822 it was exceedingly cheap, as, early in that year, two ships brought large cargoes. In July 1822 Hyson tea was selling in Sydney at from 2s. 6d. to 5s. per lb., and at the beginning of the next year it could be bought by the chest or half-chest at £8 : 2 : 6 per chest, equivalent to 3s. 4d. per lb., but this might be considered a wholesale price. A year later stocks were smaller and the price had risen in consequence. Common tea was selling at £15 and Hyson skin at £18 per chest of 50 lbs. In October 1825 prices had again fallen lower even than in 1822. Owing to an unprecedented supply, 300 chests of Hyson skin were sold by auction at £4 to £5 when unbroken, and at £3 : 5s. to £4 when broken. During 1826 the prices remained very low; common kinds of tea sold at 8d. per lb., though the freight from China was estimated by the *Gazette* at 4d. per lb. The bad seasons of 1827–29 produced an immediate effect upon the sales of tea. It was an article for which the importers were obliged to pay in specie, and the scarcity of money in the colony made it necessary to limit the imports; while the settlers were unable to purchase the customary quantity, and it became usual for them to substitute milk in the ration they allowed to their servants for the tea and sugar which had previously been almost universally given. After 1831 there was a recovery in the

amount of tea imported—the Commissariat in that year purchased tea at 1s. 1 $\frac{3}{4}$ d. per lb., and in 1835 Hyson skin was sold wholesale at £5 : 7 : 6 per chest.

The description of sugar most commonly used was a coarse brown sugar imported from the Mauritius; this could be obtained in cheap years like 1822–23 at about 5 $\frac{1}{4}$ d. per lb. in retail quantities, the wholesale price being about 3 $\frac{1}{2}$ d. These prices were exceptional, and from 1823 to 1830 the retail price was 8d. per lb. There was some amelioration of prices after 1830 when common sugar was retailed at 6d. and English loaf sugar at 1s. 1d. per lb., but this last description of sugar was used only in small quantities.

The price of clothing was higher in Australia than in England, and in many cases not only the material but the garments themselves were imported. Coats and shoes were equally dear, whether imported or made in the colony. Colonial hats were cheaper than English—the price of locally made beaver hats being from 30s. to 40s., the imported articles ranging from 40s. to 50s. The committee of mechanics reporting upon wages in 1831 mentioned the high price of clothing, but many of the articles which they enumerated as very dear—dress coats, beaver hats, and Wellington boots—were not those required by the artisans and labourers. The slop clothing, which was far more nearly the equivalent of the English working-man's dress, was cheap enough, and the colonial workman had the advantage of a mild climate, which enabled him to do with less clothes, and those of a cheaper quality. The great expense of the labouring class in Sydney was rent. During the first period no such item had entered into their regular budget; practically every man either owned a grant of land upon which he lived, or lived upon his employer's land without any payment of rent. During the second period these conditions still held good in the country districts, but in Sydney there were large numbers of artisans and labourers who had to pay rent. A single man was able to obtain lodging cheaply enough—the usual rate for

board and lodging being from 10s. 6d. to 14s. a week, an example of Adam Smith's dictum that high rents make lodgings cheap. But a man with a family to provide for could obtain no accommodation for less than 8s. or 10s. a week, a three-roomed cottage on the outskirts of Sydney cost 14s. a week, and many artisans paid 25s. weekly for their houses. Very few houses had any provision of water, which caused an additional expense. Every class of house property was expected to yield a high return on its cost, but cottage property returned a higher rate of interest upon the capital invested than larger properties did. The usual return expected from small house property was 30 per cent, houses which cost £200 for the site and building letting readily at 25s. a week.

As Sydney grew larger fuel became an added item of expense. In the early days sufficient wood could be procured easily by every one, but during this period it was necessary to purchase it. A load of about three-quarters of a ton cost 5s. Wood was the ordinary fuel of all classes, but coal was also used, supplies being obtained from Newcastle, where the mines were worked by convicts under the Government for the first few years of the period, and then under the Australian Agricultural Company, to whom a monopoly was given after 1831. In 1822 the Government ordered that the surplus coal, not required for its own purposes, should be sold at the pits for 10s. per ton; this coal was brought by boat to Sydney, where the Government dues were collected by the Customs officials, and the cargoes sold at from 35s. to 45s. per ton. The supply of coal even under the monopoly of the Australian Agricultural Company was not large—the production in 1835 being only 12,392 tons. It was used chiefly in Sydney, but a small amount was exported to Van Diemen's Land and also to India. In 1836 the export amounted to 1724 tons, falling to 962 tons in the following year.

The amount of spirits consumed in the colony was very large, the annual consumption in 1830 amounting to five gallons per head of the population. By far the larger

part was imported from the United Kingdom and her colonies, but during the whole period there was a local distillation which was not very successful, owing partly to lack of skill and partly to the short supplies of the necessary raw material. In 1822 the duty on spirits was 15s. per gallon, but this duty was a strong incentive to smuggling and illicit distillation, and a new scale was introduced in October 1825 under the authority of Governor Brisbane. These duties differentiated between the British and foreign products so as to help the local manufacture and give a preference to the product of the United Kingdom and her colonies over that of other countries. The excise on local spirits was at first fixed at 2s. 6d. per gallon, on other British spirits the duty was 6s. and on foreign 7s. 6d., but in 1828 the duty on British spirits was raised to 6s. 6d. and on foreign spirits to 8s. 6d. per gallon, and so remained during the rest of the period. But even with this advantage of 4s. a gallon over British spirits, the proportion of locally manufactured spirit was only about one-third of the total consumption.

Much of what has been said of New South Wales applies with equal force to Van Diemen's Land; but as a rule prices were higher there than in New South Wales, except for breadstuffs. Throughout the period the harvests of the island were good, and Van Diemen's Land supplied the Mother Colony with large quantities of wheat in periods of scarcity. Thus in 1828, 85,716 bushels at the average wholesale price in Sydney of 11s. 4½d. per bushel, and in the following year 107,929 bushels at 10s. 7¼d. were so supplied. Occasionally the island exported too much wheat and impoverished itself: thus at the close of November 1824, although there had been a good harvest, wheat was selling in Sydney at 10s. 6d. per bushel and the 2-lb. loaf at 6d., while the price of wheat at Hobart was 20s. a bushel and the 2-lb. loaf cost 1s.

Meat was more expensive in Van Diemen's Land than in New South Wales—the ordinary difference between the two places being about 20 per cent. The supply of

vegetables was large and the quality excellent ; the price of potatoes at Hobart was usually about 6s. per cwt., and a large quantity was exported to New South Wales, where Derwent potatoes commanded the best prices in the market.

All through the period Van Diemen's Land was poorly supplied with dairy produce and prices were high. Butter and cheese were imported from Europe and also from New South Wales. The prices of these articles in Sydney and Hobart in 1829 and 1831 show a very great disparity. In December 1829 fresh butter could be bought in Sydney for 1s. 10 $\frac{1}{4}$ d. per lb., in Hobart the price was 3s., and the price of cheese (1s. to 1s. 6d.) in Hobart was double that in Sydney. In August 1831 the prices of these articles in the two places were as shown below, but the figures are much above the average of the year :

	Sydney.		Hobart.	
	s.	d.	s.	d.
Fresh butter, per lb.	2	4	4	3
Salt butter, per lb.	1	7 $\frac{1}{2}$	2	6
Cheese, per lb.	4 $\frac{1}{2}$ d.	to 6d.	1	3

By the close of the period the prices were more equal, but there was still a large margin in favour of Sydney. In a contemporary discussion of official salaries, the difference was stated to be 50 per cent ; but this estimate was made in Hobart, and all the various circumstances were not taken into account. A safer estimate would place the general run of prices at about 30 per cent higher in Hobart than in Sydney.

The population of Western Australia was too small, even at the close of the period, to make a quotation of prices of much value. To a large extent the colony depended on Sydney for its requirements, and at times suffered severely from want of supplies. During the closing years of the period fresh beef was sold at 1s. 4d. per lb. and mutton was still higher in price, butter was 3s. per lb. and vegetables practically unprocurable.



PART III

FROM THE ABOLITION OF THE ASSIGN- MENT SYSTEM TO THE DISCOVERY OF GOLD

I

INTRODUCTION TO THE THIRD PERIOD

SIR RICHARD BOURKE was followed in the governorship of New South Wales by Sir George Gipps, who found the conditions of colonization very different from those prevailing at the beginning of the second period. The main settlements of New South Wales and Van Diemen's Land were still convict colonies, but the assignment of convict labour had been abolished in New South Wales, and transportation was about to cease; independent colonies had been established on the shores of the Gulf of St. Vincent and on the Swan River; there were subsidiary settlements at Port Phillip and in New Zealand; and the convicts were being withdrawn from Brisbane to make the way clear for free settlers.

This third period in the history of Australia extends to the year 1851, when the great gold discoveries were made, which, in Wentworth's expressive phrase, precipitated Australia into a nation. It was a period of very great changes, especially in New South Wales, which at the beginning passed through two years of raging and tearing speculation leading up to a disastrous financial crisis, which reached its acutest phase in 1842. During the rest of the period the colony remained in a very depressed condition. The depression affected Van Diemen's Land and South Australia as well, but its evil effects were most persistent in Sydney. In spite, however, of its bad economic condition, New South Wales made great progress towards political freedom. It was engaged in throwing

off the shackles of half a century. At the beginning it was a convict colony dependent on England not only for its labour, but for much of its revenue—it was controlled in almost every way by officials sent from England. The years of this third period did not suffice to complete the change from a dependent penal settlement to a free self-governing colony, but during the whole time the struggle against autocratic government went on, showing itself sometimes in one form and sometimes in another, but always continued and always successful. The abolition of transportation to the colony in 1840 left the Crown free to concede some measure of representative government, and a new constitution was formulated, providing for a Legislative Council of thirty-six members, twelve of whom were to be appointed by the Crown, and the rest elected by persons owning a freehold of not less value than £200, or paying a rent of £20 a year or upwards; the qualification of an elective member of the Council being the possession of property worth £2000 or of £100 in yearly value. The first meeting took place on 1st August 1843, and the Council was soon engaged in a struggle with the Imperial Government, upon the question of its right to legislate untrammelled by English ideas on colonial legislation, its right, as Burke put it, “to take its own way to perfection.” The struggle was magnificently led. No Australian colony at any time, before or since, has exhibited such a group of men as appeared in New South Wales at this juncture. Pre-eminent was Wentworth, but among the others, whom only a giant of his stature could dwarf, were Deas-Thompson, the prudent and thoughtful man of affairs, Robert Lowe, who passed a few of his brilliant years in Sydney, and Lang, who, in spite of all his errors and extravagances, was an untiring worker for democracy. These men did not all work together, indeed they were often bitterly opposed, but they were all engaged in establishing the political freedom of New South Wales. The struggle wore at times different aspects. Sometimes it appeared nothing more than an agitation for material

advantage, as in the matter of controlling the land revenue ; again it assumed the appearance of a contention for the more enlightened self-interest of the man on the spot, as in the question of liens upon personal property ; but even in such cases the end was greater than appeared at once. In the struggle against convictism, on the other hand, the colonists were animated, in the main, by the loftiest spirit, and fought against autocracy with a single view to the welfare of their descendants.

The development of immigration is dealt with at length in its proper place, as also are the alterations in the land laws of the colonies. The beginnings of colonization at Port Phillip belong to the second period and have already been referred to. Steady progress was made from 1835 to 1839 ; in the latter year the new colony had attained such proportions that Charles Joseph Latrobe was sent there as superintendent, an office carrying with it the authority and functions of a Lieutenant-Governor ; a Court of Justice was also established. The journeys of Sir Thomas Mitchell into Australia Felix, and of Hume and Hovell have already been narrated : these expeditions were directed from Sydney. In 1840 the exploration of the district from Melbourne as a base was systematically undertaken. At the beginning of that year Angus M'Millan discovered, and partially explored, the large and fertile province of Gippsland, named in honour of Sir George Gipps, and on his return journey met Count Strzelecki setting forth on his first expedition. Strzelecki explored the Murray to its sources in the Australian Alps, discovered and named Mount Kosciusko, travelled thence in a south-westerly direction to Mount Tambo and the Omeo district, crossed the Great Dividing Range, and, heading for Western Port, crossed and named eight large rivers. He succeeded in opening up a magnificent country covering an area of 5600 miles, with 2000 miles of coast ranges and 250 miles of seaboard. In the wake of the explorations of M'Millan and Strzelecki settlement rapidly followed ; in fact, almost as soon as the travellers returned

with accounts of their discoveries, adventurous spirits pushed forward to establish squattages in the wilds of Gippsland.

In 1844 a movement was begun by the settlers in the Port Phillip district to have their portion of the continent proclaimed a separate colony. At this period the total population of what is now New South Wales, Victoria, and Queensland was not more than 150,000, the residents of the Port Phillip district numbering about 30,000. It was claimed by these settlers that the distance which separated them from the seat of government was too great to permit of their requirements receiving attention, and their claim for separation was eloquently supported by Dr. Lang, one of the six members representing the district in the newly created Council. On 24th August 1844 Lang moved a resolution affirming the desirableness of separating Port Phillip from the northern colony, but failed to obtain any substantial support. A petition from the residents of the Port Phillip district, praying for separation, was immediately prepared and sent to England. On 11th February 1846 a favourable answer was received in Melbourne, and the occasion was marked by a public banquet to Lang. Events now moved rapidly. On 5th August 1850 Victoria, South Australia, and Tasmania were granted representative institutions by Imperial statute; and when on 11th November the news arrived in Melbourne of the granting of separation from New South Wales, the rejoicing thereat continued for five days. On 1st July 1851 Victoria was proclaimed a separate colony.

The year 1851 was indeed *annus mirabilis* in the history of Victoria. The actual separation from New South Wales took place on 1st July; on 6th February preceding there had occurred a disaster which brought ruin and desolation to many a fair home, and the bitter memory of which is preserved in the gruesome designation of "Black Thursday." On that day a great fire, fanned by a hot wind, carried devastation far and wide.

Eye-witnesses declare that the conflagration was terrible in its completeness; men, women, and children, sheep and cattle, birds and snakes, fled commingled before the fire in one common panic. For hundreds of miles the country was wrapped in flames; the most fertile districts were swept clean, flocks and herds were abandoned, and the entire population rushed in terrified hordes for their lives. The ashes from the forests on fire at Macedon, 46 miles distant, littered the streets of Melbourne—a curious prelude to the events that followed.

Gold was discovered in April 1851 at Lewis Ponds near Bathurst in New South Wales, and the sum of £200 was offered for the discovery of gold within 200 miles of Melbourne. Thereupon discovery followed discovery with startling rapidity, and the colonies were transformed by the most potent of all magics. The history of the transformation, however, belongs to the succeeding period.

The determination of Governor Bourke to abandon the convict settlement at Moreton Bay has already been discussed. The last commandant of the convict settlement was Lieutenant Gorman, who, in 1839, was entrusted with the duties of clearing away the last relics of the penal establishment. The convict settlement was broken up about the middle of the year, and in 1840 the first free settlers arrived in Brisbane, although the enactment against free settlers was still nominally in force. In the meantime the country around Brisbane had been thoroughly examined, one of the most enterprising of the local explorers being Andrew Petrie, who had arrived in Sydney in the year 1835. His journey from Sydney to Brisbane is noteworthy on account of the circumstance that the vessel which conveyed him, the *James Watt*, was the first steamship to enter Moreton Bay. Soon after coming to the young settlement Petrie explored the coast as far as the present northern boundary of the Moreton district, and made some important discoveries of indigenous flora.

The extensive exploration of Queensland, which was now undertaken, brought the colonists speedily into

collision with the aboriginal inhabitants, who were on the whole of a far finer type than their southern brethren, and were unwilling to be quietly ousted from their ancient hunting-grounds by the intruding whites. The conflicts between blacks and whites began at an early period of Queensland colonization. During the year 1840 Surveyor Stapleton and his assistant were murdered by aborigines near the head-waters of the Logan. The culprits were captured in the following year, and, after trial, were found guilty and executed. But this was only one of a series of similar outrages. In 1840 Patrick Leslie crossed the Great Dividing Range through Cunningham's Gap and formed a station on the Condamine River, and in the following two years a great deal of useful exploration was carried out by the brothers Stewart and Sydenham Russell in the Darling Downs, Wide Bay, and Moreton districts. New South Wales squatters followed in their wake, and much country was taken up and utilized for the depasturage of sheep and cattle. In 1841 the population of Moreton Bay numbered exactly 200, and of these only 67 were free; in this enumeration was included a little colony established by grudging permission within seven miles of the penal settlement as a Christian mission to the aborigines. The colony was exclusively German, and included two regular ministers and some peasants and tradesmen, with their families, and received an allowance from the Colonial Office of some £300 a year. No good accrued to the aborigines from their ministrations, as the blacks fought them instead of listening to them, and on one occasion the missionaries were driven to defend themselves with their muskets against their assailants. Government aid being withdrawn, the mission collapsed as a religious agency, and became a purely secular settlement. The German station is now an outlying suburb of Brisbane, where some of the mission-station buildings may still be seen, while the descendants of the original party are numerous among the citizens. A contemporaneous mission of similar character, established by the Rev. Mr. Handt of

the Church of England, was also fruitless in the prosecution of the work of christianizing the aboriginal natives. Indeed, the blacks at this time were too warlike to tolerate white approach in any guise.

In 1842 Governor Gipps visited Moreton Bay, and in his report to the Colonial Office he speaks of the existence of forty-five squattages within 50 miles of Brisbane. In 1842 the export of wool was 1800 bales. From the date of the Governor's visit a marked improvement in the progress of the settlement was apparent. Moreton Bay was open to free settlement, and to provide the requisite holdings for expected immigrants, Brisbane was proclaimed a land district, the first sale of Crown lands being held there on 7th July 1842. The first steamer of the Hunter River Steam Navigation Company which visited the harbour arrived in the same year, and continued for a time to ply regularly between Sydney and Moreton Bay. The service was afterwards discontinued, one or two small sailing vessels being found sufficient for all purposes of trade. The population in 1844 was returned as 471, and the live stock comprised 660 horses, 10,295 cattle, and 184,651 sheep.

In 1844 Leichhardt set out on his first expedition from Jimbone station on the Darling Downs, with the object of reaching Port Essington, by way of the Gulf of Carpentaria. Gilbert, the naturalist of the party, met his death at the hands of the aborigines during a night attack, but Leichhardt and his companions reached their destination after almost incredible sufferings. After an absence of nearly two years, the explorers returned to Sydney by sea, and were received with the greatest enthusiasm. A public subscription was instituted, to which the Government liberally contributed, and the thanks of the Legislative Council were voted to Leichhardt, and formally conveyed to him by the Speaker from the chair. Port Essington was, however, subsequently abandoned as a port of settlement.

The aborigines continued to give trouble to the colonists

not only in out-of-the-way districts, but in the neighbourhood of Brisbane. A new track had been formed to the Darling Downs, and along this route the blacks showed themselves especially bold and hostile. At a point on the road from Ipswich to the mountains they boldly attacked a caravan of bullock drays, and the drivers and attendants fled for their lives. The drays were looted by the victorious aborigines, who burnt whatever they could not consume. Thereupon the squatters assembled in force to make reprisals and organized a foray upon the plunderers. They found the tracks of the natives, and, following them up, forced the band to retire and take refuge on Hay's Peak. Many of the natives were killed, but the survivors remained untamed, and it was found necessary to employ a detachment of soldiers as a permanent guard at the foot of the main range, in order to assure the safety of the travellers by this route. Elsewhere, however, the blacks could not be kept under control, and the early 'forties were marked by murders of settlers—men, women, and children—and wholesale outrage, incendiarism, and pillage.

Late in the year 1845 Major Sir Thomas Mitchell, Surveyor-General of New South Wales, set out on his famous exploration of tropical Australia, at the head of a little army. Edmund Kennedy was his second in command, and he took with him, besides a surgeon, twenty-eight men, eight bullock drays, three horse drays, and two boats. He was absent about a year, and discovered many splendid rivers and a great deal of fine country; his expedition did much to enlarge the geographical knowledge of Central Queensland. It was at this time Gladstone essayed the formation of a colony at Port Curtis, to be called North Australia, to consist of "exiles," or criminals who had merited by good behaviour some alleviation of their lot, and Colonel Barney was sent out to establish this probationary penitentiary. However, the scheme fell through, and Barney was recalled.

Leichhardt again took the field, and left Jimbone

station, Darling Downs, in the month of December 1846, just as Sir Thomas Mitchell was returning from his expedition to tropical Australia. Leichhardt's intention was to cross the continent from east to west, making for the settlement at Swan River, in Western Australia. The attempt, however, ended in failure; dissensions broke out among the explorers, the party became fever-stricken, a flock of goats had to be abandoned, most of the bullocks and some of the horses and mules were lost, and a retreat had to be made to the confines of settlement. Another expedition made by Leichhardt to the Fitzroy Downs, discovered by Mitchell, was also unsuccessful in its results. A Government surveyor named Burnett made a useful journey of exploration in 1847, which added largely to the knowledge of the country forming the hinterland of Wide Bay. The Burnett River bears this explorer's name. In 1847 Edmund Kennedy was sent out to trace the course of the Barcoo of Mitchell, and to determine whether or not it was identical with the Cooper's Creek of Sturt. Kennedy soon set this question at rest, and discovered on his own account the Thompson, one of the principal affluents of the Barcoo, or Victoria.

The beginning of the year 1848 saw Leichhardt once more making a plunge into the unmapped wilderness, but this time he did not return. He set forth poorly provisioned in all save live stock, and with an insufficient supply of ammunition, to realize his great trans-continental project; and nothing more is known save that he reached the Cogoon River. The same year another ill-fated expedition set out; this time for the north. The leader was Edmund Kennedy, and his destination Cape York. He took with him eleven white men and a black boy. Of the whole party, only the black boy and two of the white men returned; the rest of the party perished, the leader having been speared by the natives.

The occupation of the newly discovered lands proceeded so rapidly that the squatters were unable to obtain the class of labour they needed, and in 1848 a considerable

number of Chinese were imported as shepherds. This was against the policy of the Government in Sydney, which endeavoured to supply labour from Great Britain. To meet the wants of the squatters in the Moreton Bay district, the Government arranged in 1850 that immigrant ships should be sent there, and to accommodate the immigrants until they found work a depot was established. The squatters, however, would engage only the single men, and the majority of the immigrants were left on the hands of the Government, which had to maintain them till they were removed to other districts. The squatters as a rule required servile labour, and for the next few years the history of the settlement in the district of Moreton Bay is chiefly a record of struggles between the squatters, who were desirous of a renewal of transportation in order to obtain cheap labour, and the great bulk of the free population, who were decidedly averse from any such proposal. The outcome of this warfare between the two parties, combined with the rapid progress of the young colony, was the gradual growth of a keen aspiration for independent government. The first public meeting held in Brisbane to discuss this matter was convened in January 1851, shortly after the news of the successful issue of Victoria's struggle for self-government was announced. But the population of the northern colony barely exceeded 8575 souls, and it would have been an act of folly to confer upon them the privileges of self-government and the management of a territory covering 668,000 square miles. The agitation for separation was not, however, extinguished, and was continued until it was brought to a successful conclusion some ten years later.

A proposal to form a settlement in Australia free from the defects incidental to convictism and substituting "systematic colonization for mere emigration" attracted much attention and appealed to powerful interests. It originated in the fertile brain of Edward Gibbon Wakefield, and the author and his friends were able to use the press to the best advantage. Articles commending the scheme

appeared in all the leading journals, and pamphlets were sown broadcast throughout Great Britain. The news of Sturt's successful journey down the Murray to Lake Alexandrina came very opportunely at this time, and the fact that Kangaroo Island, at the entrance to the Gulf of St. Vincent, had been the resort of sealers for some little time was attracting attention, so that the notice of Wakefield and his associates was naturally drawn to the potentialities of South Australia as the seat of a model colony.

According to strict chronology, the foundation of the settlement on the shores of the Gulf of St. Vincent belongs to the second period, as the South Australian Land Company was formed in 1831. This Company included many well-known persons, but its negotiations for a charter were fruitless. It asked for more than the Colonial Office was willing to concede. The movement, however, did not come to an end, and in 1834 the South Australian Association was formed, and under its auspices negotiations were reopened with the Government. Backed by influential support, the Association succeeded in pushing through Parliament a Bill for the colonization of South Australia.

The Act was a comprehensive measure, and provided for the appointment of three or more commissioners, who were to be responsible for emigration and the disposal of lands. One of these was to reside in the colony and to act under the Crown, as Commissioner of Public Lands. Nominally a Crown officer, he was nevertheless to receive his instructions from the commissioners in London. The administration of public affairs was to be in the hands of a Governor, appointed by the Crown. The powers of these various functionaries were ill defined, a circumstance that presently led to much trouble. Two important provisions of the Act stipulated (1) that English felons should at no time and under no circumstances be transported to the colony, and (2) that a constitution should be granted so soon as the population numbered 50,000.

The governorship of the new community was in the first instance offered to Sir Charles James Napier, after-

wards the conqueror of Scinde, who asked for a military establishment and power to draw upon the Home Government for funds in case of emergency; and as the colony was intended to be self-supporting, his demands could not, of course, be complied with. He thereupon declined the proffered office, and Captain Hindmarsh, R.N., a bluff, typical British seaman, was appointed in his stead. In the meantime the despatch of emigrants had begun, the first vessel, the *Duke of York*, arriving on 29th July 1836 and casting anchor in Nepean Bay. Other vessels arrived in fairly quick succession, and steps were taken by the Company's agents to prepare for a settlement on Kangaroo Island, which was then better known than any portion of the mainland, but nothing of a definite nature was undertaken until 19th August 1836, when Colonel Light arrived in the *Rapid* and at once assumed command of the expedition. His first work was the selection of a site for the settlement—a task he set about with unusual care. After examining Kangaroo Island and various places on the shores of the Gulf of St. Vincent, he turned his attention to Port Lincoln in Spencer's Gulf, but without discovering any locality suitable for the establishment of a large settlement. He ultimately decided upon the arm of the sea upon which Port Adelaide is situated, and here he fixed the site of the colony's chief town.

Governor Hindmarsh arrived in the *Buffalo* in Holdfast Bay on the 28th December of the same year, and at 3 o'clock in the afternoon, under the shade of gum-trees a short distance from the beach, proceeded with the ceremony of the swearing in of himself, the members of his council, and other officers, and the reading of his commission to the settlers, of whom there were present about three hundred. From the inauguration of the new settlement there was a lack of cordial relations between the prominent officials, notably between Hindmarsh and Light. The Governor, the resident Commissioner, and the Surveyor-General had each large administrative powers, and in

exercising them there was mutual interference, producing dissension and collision most injurious to the prospects of the colony. The leading subject of dispute was the site of the chief town of the settlement. The Governor and Judge Jeffcott and some of their friends, having regard to the commercial capabilities of the River Murray, wished the capital to be situated at Encounter Bay ; others again, bearing in mind its splendid harbour, voted enthusiastically for Port Lincoln. Colonel Light was inexorable. He had examined the coast carefully. Kangaroo Island and Port Lincoln had successively been abandoned on account of their unsuitability. Adelaide in its present position he considered an ideal site. The River Torrens flowed through it and supplied water in abundance, the surrounding country was level and fertile, well timbered and well grassed, and the elevation above the sea level was well adapted for drainage. To meet the objections of those who said that Adelaide was too far from the sea to be a commercial centre, Colonel Light surveyed a secondary town called Port Adelaide, and the wisdom of this arrangement is now fully justified.

Captain Hindmarsh was continually embroiled with his subordinates throughout his term of office. He was a distinguished naval officer of the old school, habituated to the employment of a most autocratic command, and as such was not well suited for a position of merely nominal superiority. Complaints were forwarded to the Secretary of State for the Colonies, Lord Glenelg, who wrote sharply to the effect that, upon his own showing, Captain Hindmarsh appeared "to be incapable of carrying on the government ; with the exception of the Judge and the Harbour Master, he was, more or less, at variance with all the official functionaries of the colony." He was recalled in 1838, and the South Australian Commissioners nominated a new resident Commissioner, Colonel Gawler, upon whom, to avoid further friction, the Colonial Office bestowed the office of Governor. Gawler arrived on 12th October 1838, and found the affairs of the colony in a

deplorable condition; he at once made strenuous efforts to evolve some show of order, but his success was by no means commensurate with his exertions. The finances of the Government were in a very bad way. With a revenue of only £1448 for the year, there were many people to pay and much pioneering to be done. The Governor did his best to get people to proceed with the cultivation of the soil, and his efforts were not without success. The work of introducing live stock had been begun almost immediately after the first immigrants had been landed, cattle and sheep being brought overland from Sydney. The settlement was, however, far from self-supporting, and the Governor undertook to provide work for the landless. To do so he put in hand extensive public works. The revenue for the three years 1839-41 amounted to £75,773, and the expenditure during the same period was £357,615, showing an excess of £281,842. To meet the deficiency Gawler drew upon the Home Government, a course he was not authorized to take, and his bills were returned dishonoured. Gawler was a distinguished soldier, but what the colony required was not military prowess but business habits. These he did not possess, and when his bills were repudiated he was further mortified by finding himself superseded by Captain George Grey, to whom he had extended the utmost consideration on his arrival some time previously, ill and suffering from spear wounds inflicted by the blacks. The authorities in England in selecting Gawler knew that he was not a man of affairs, and there can hardly be any doubt that he was unfairly treated by the Commissioners. They sent out shipload after shipload of emigrants, for whom their representative had to provide in some manner; but they did not furnish him with the wherewithal to do this. Gawler believed in the province, and drew on its future. When he left after three years of office, the population had more than doubled; the land under cultivation had increased from 86 to 2503 acres; the sheep depastured from 28,000 to more than 200,000; and the export trade,

which did not exist when he came, had risen to over £100,000 in annual value. On the other hand it should be remembered that Gawler spent at the rate of £120,000 a year, equal to over £14 per inhabitant of his little colony, which, considering the fact that the revenue was considerably less than £3 per inhabitant, was, to put it mildly, very improvident.

With Gawler's dismissal came a period of acute crisis. Confidence in the colony was not merely rudely shaken, it was well-nigh destroyed; adverse criticism from without attacked its fundamental principles, and the Wakefield scheme of colonization was unhesitatingly pronounced to be a failure. The colonists, however, stood loyally by their departing Governor, and showed their sense of his integrity and ability by farewell addresses and a gift of £500.

Colonel Gawler personally took part in the exploration of the colony, and during his administration sent out various parties to discover land suitable for settlement. One of the most sensational efforts to penetrate the mystery of the interior was undertaken at this period. This was the great journey made by Edward John Eyre, in 1840, to reach Perth overland from Adelaide. After untold sufferings, the murder of his white companion by treacherous aboriginal servants, theft of provisions, and desertion, he accomplished 1500 miles of travel along the coast line in thirteen months, breaking his monotonous journey at one point only, when he fell in with, and was succoured by, a French whaling ship.

The departure of Governor Gawler marked the conclusion of the experimental stage of colonization. The office of the Commissioners in London had been abolished, and the Government of South Australia was vested in the Secretary of State for the Colonies. Captain Grey, the new Governor, was instructed to inaugurate the most drastic retrenchment. In England a parliamentary select committee was appointed to investigate the affairs of the struggling settlement, and an outcome of its report was

a vote of £155,000 as a loan to cover some of Colonel Gawler's bills. This amount was afterwards converted into a free gift. Besides this sum, £27,900 was loaned to the colony for the payment of Colonel Gawler's bills on the Colonization Commissioners, and £32,646 to meet bills drawn by Captain Grey for the support of the "pauper immigrants," and to meet the interest on the bonded debt of the colony temporarily assumed by Great Britain. These amounts were repaid, and the debt due to the British Government was thought to have been extinguished in 1851; but as late as 1887 a claim for £15,516 on account of interest was made against South Australia. Although the colony was not legally called upon to satisfy this demand, the amount was paid over, and with this incident terminated the monetary difficulties arising from Gawler's policy.

Captain Grey accepted the office of Governor at a time of great financial trouble throughout Australia, and his policy of retrenchment and taxation must necessarily have aggravated the condition of the province; hence his rule was intensely unpopular from its very inception. South Australia was in a state of bankruptcy, numbers of people were ruined beyond redemption, and the colonists felt their troubles intensified by the loss of that partial control over their own affairs which Gawler had allowed them. The province had practically become a Crown colony; it was ruled, under instructions from England, by Captain Grey and his Executive Council, the people having no voice in the imposition of taxation or in the expenditure of revenue. The Governor exercised his power to its fullest limit, but he certainly had an unpleasant and unpopular task to perform. His chief effort was directed to force an unwilling people to leave the town and settle in the country, and in this he had a considerable measure of success. Before his arrival a Municipal Council of Adelaide had been elected, but Captain Grey found that it interfered with his independence of action, and he determined to get rid of it. As his relations with the Council

became more and more strained, he questioned the legality of its acts and disregarded its suggestions, and finally the corporation, which was the first ever established in a British colony, became defunct. Grey's unpopularity continued to increase, and at a public meeting of the citizens his policy of taxation and retrenchment was denounced in unmeasured terms. The Governor was, however, inflexible, and showed that he was determined to adhere at all hazards to the line he had marked out for himself. As time wore on the relations between the autocrat and the settlers became more endurable, so that on the eve of his departure from the colony he enjoyed a measure of public favour which, if it could not be regarded as popularity, might certainly be called public esteem. However much or little may have been due to Captain Grey's policy, there is no doubt that during his administration the colony passed through its darkest hour. But at a time when the colony appeared to be resigning itself to a very slow and uneventful expansion, the splendid copper mines of Kapunda and Burra-Burra were successively discovered. These valuable finds occurred very opportunely and proved the salvation of the province. The Home authorities had so little faith in South Australia's future that they were little inclined to allow the province to increase its indebtedness any further, and Governor Grey was instructed to send to Sydney all the immigrant labourers then employed on Government works. The Governor took the responsibility of ignoring his instructions. A considerable number of persons had already left for New Zealand and other settlements, and he was able to reply that there were very few able-bodied men either unemployed or on relief works. As a matter of mere expense the cost of deportation would have been much greater than that of keeping the labourers employed, which was about £4000 per quarter, and he advised the Imperial authorities to the effect that, had he at once sent all the immigrants away, the colony would have been irretrievably ruined, and the whole expenditure laid out upon it utterly lost. Writing to the Colonial

Secretary he said: "I should, in the first instance, have had to send away 2427 souls, that is, one-sixth part of the whole population; the fact of having done so would have made paupers of a great many more, who must have been removed in the same manner, and there would have been no labourers remaining in the colony to procure food for those who were left." When Captain Grey assumed office the population was 14,562; when he retired on 25th October 1845, it had increased to 21,759. Throughout his term of office the ordinary revenue was never equal to the expenditure, though the two balanced approximately at the close, and recourse had constantly to be had to land sales, the proceeds of which were levied upon to meet current liabilities.

In 1840, in the time of Governor Gawler, there had been some trouble with the aborigines, who had murdered the seventeen white survivors of a wrecked brig named the *Maria*; and two of the natives were court-martialled and summarily hanged. About nine months afterwards, in 1841, a man named Inman, while overlanding sheep, was, with two drovers, severely wounded, while all the sheep, numbering some 7000, were carried off by the aborigines who had attacked the party. Major O'Halloran was sent out with an expeditionary force to trace and punish the offenders, but was recalled in consequence of the censures passed on Colonel Glawer for his execution of the two murderers concerned in the *Maria* outrage; thereupon some volunteers under Lieutenant Field, R.N., took up the enterprise. This second party of whites was surrounded by a body of natives some 200 or 300 strong, and, after shooting some of their assailants, its members barely escaped with their lives. Another expedition was then organized in Adelaide, but Governor Grey intervened, and refused to allow it "to levy war or to exercise any belligerent actions" against the offending blacks. Next a police party, consisting of an inspector and twenty-nine men, sent for the protection of some settlers in one of the disturbed districts, encountered a tribe of disaffected aborigines.

A conflict between the two parties took place, thirty blacks being killed and about ten wounded. Although there was a strong disposition in certain quarters to blame the police, an official investigation resulted in their complete exoneration ; but, to obviate as far as possible the occurrence of similar troubles in the future, E. J. Eyre was appointed Protector of Aborigines, and stationed at Moorundi on the Murray. He soon secured the confidence of his charges, and from that time outrages by the blacks upon white travellers entirely ceased.

In the second year of Grey's administration Captain Frome, who had succeeded Light as Surveyor-General, led an expedition to examine the country round Lake Torrens, but did not penetrate far beyond Mount Serle, the region proving so inhospitable that he was forced to beat a retreat. Several other unsuccessful attempts were made to reach the centre of the continent, but, notwithstanding these failures, Captain Sturt was despatched at the instance of the Imperial Government on a similar quest. He left Adelaide on 10th August 1844, and returned in March 1846, having been absent for about nineteen months. This expedition was rich in discoveries of fine pastoral country now occupied by prosperous squattages ; but it was made tragic also by the horrors of the Great Central Desert. The terrible privations of Captain Sturt so greatly affected his sight that he gradually became totally blind. He was granted a pension of £600 per annum by the South Australian Government, which he enjoyed until his death in 1869.

On account of the trouble in connexion with the Maori war, the Imperial Government, anxious to employ the proved ability of Captain Grey, sent him to New Zealand, and provided what was practically a *locum tenens* in Major Frederick Holt Robe, who was suddenly summoned from the Mauritius, and assumed control of the colony on 25th October 1845. The administration of this officer, who was privately sworn in as Lieutenant-Governor only, was particularly colourless, his policy being chiefly confined

to following in the footsteps of his predecessor. Now and then he ventured to act on his own initiative, and it has been said of him with considerable truth that what he did was afterwards reversed, and what he refused to do was carried into effect. Robe has been blamed for imposing a royalty on minerals ; but apart from the question of the soundness or otherwise of the principle involved in imposing the charge objected to, Robe merely followed the course proposed by Grey and acquiesced in by the Colonial Office. More open to question was his attitude to religious affairs. One of the fundamentals agreed to on the establishment of the Province was that there should be no State aid to religion. This must have been very well known to Robe, yet he stirred up a great deal of strife by devoting money, out of the public account, to the support of religion, and granted to Bishop Short, as a site for an Anglican Cathedral, an acre of land in Victoria Square, in the very heart of Adelaide, close to where the General Post Office now stands ; but the validity of the grant was successfully contested by the City Council on behalf of the citizens in 1855, the Supreme Court deciding that the Executive had no power to alienate any part of the public estate. Still, notwithstanding the weakness of his administration, the colony, during his term of office, continued to prosper and to recover the prestige it had lost with the collapse of the Gawler régime. Agriculture in particular had made important advances, its development being greatly assisted by the invention of improved wheat-harvesting machinery. Governor Robe held office until August 1848, by which time the population had increased to 38,666 compared with 21,759 in 1845. The ordinary revenue had grown from £32,433 to £82,411 during the same period. The proceeds of the land sales, from the foundation of the colony to the close of Colonel Robe's administration, amounted to £530,877.

Two years before Governor Robe's departure, J. Ainsworth Horrocks organized an expedition to solve the problem of the interior. Horrocks had been in the colony

since 1839, and had gained some experience in the work of exploration. He now, in 1846, proposed to cross the head of Spencer's Gulf, and travel north-west from the farther side of Lake Torrens. The expedition, which suffered greatly through want of water and the hostility of the natives, was brought to a tragic close within a month from the date of its setting out by the accidental death of its leader.

When Robe's term of office expired Sir Henry Young was transferred from the Eastern Province of the Cape of Good Hope, of which he was Lieutenant-Governor, to take similar rank in South Australia. He had previously been Governor of Prince Edward's Island. Though not an administrator of remarkable ability, he fulfilled the functions of his office with considerable success, and the province generally prospered under his rule. The colony is indebted to him, amongst other things, for the introduction of an extensive main-road system, and the institution of valuable local Government organizations in the form of district councils.

In Western Australia very little progress had been made under the rule of the successors of Sir James Stirling, and the most enterprising people in the colony were asking themselves whether it was worth while to pursue the struggle. When the colony was founded the Imperial authorities had made an agreement with the first settlers that no convicts or prisoners were to be transported to the new settlement. Some twenty years had rolled by, and Western Australia numbered only about 7000 inhabitants ; 4000 acres had been brought into cultivation, sheep had increased to 140,000, cattle to 11,000, imports had reached a value of £45,000, and exports £30,000. This was very poor showing, yet worse appeared ahead. The struggle to make a living was becoming harder, trade was languishing, labour was difficult to obtain, and immigrants did not appear to find the country attractive enough to tempt them to remain, a result, doubtless, of the manner in which the land was locked up in big estates. Any change would be

something for the better, so the colonists thought, and they decided to petition the Home Government to send them convict prisoners, hoping thus to obtain cheap labour, an abundant expenditure, and a market for their produce. The colonists of Western Australia had no difficulty in gaining a complaisant answer to their petition, for at this juncture the Imperial authorities were feeling the pressing necessity of having some oversea settlement suitable for the deportation thereto of criminals, and a first batch of convicts was landed at Fremantle on 1st June 1850. This reversion to the original form of colonization adopted for Australia attracted little real attention in the Eastern colonies, and the matter was almost obliterated from the minds of the people by the great discoveries that were made shortly afterwards. Communication with the East was at that time made with difficulty, and all through the period and for some years beyond it Western Australia remained, so far as the rest of Australia was concerned, a hermit colony.

Colonel Arthur's retirement from the Governorship of Van Diemen's Land occurred on 30th October 1836, almost at the close of the second period, and at the beginning of 1837 his successor, Captain Sir John Franklin, arrived. Franklin remained in office until 21st August 1843, a period of six years and seven months, and had, happily, one less of the troubles that afflicted his predecessors. He was worried by no native difficulty. After Governor Arthur's failure to drive the aborigines into Tasman's Peninsula, a humble bricklayer in Hobart Town, named George Augustus Robinson, by unaided effort achieved all that force and authority had been powerless to perform. Animated by a splendid enthusiasm for the ill-used natives, he made a spontaneous offer to Arthur to undertake the task of supervising the efforts made for their welfare, if the authorities would guarantee him a bare support. In response to this generous proposition he was specially appointed Protector of the black natives of Van Diemen's Land at a salary of £100 per annum. He thereupon set

out on a series of journeys to carry out his mission. Unarmed and unattended, he travelled among his aboriginal charges throughout the length and breadth of the colony, exhibiting a courage almost sublime in circumstances of extreme danger, and winning the love, the confidence, and the esteem of the most belligerent of the people whom he was authorized by the Government to safeguard. After travelling on foot some 4000 miles over the wildest and roughest parts of Van Diemen's Land, without the shedding of a single drop of native or European blood, he brought the natives, who had once held the colony in a state of alarm, into a haven of peace and safety. The history of the Van Diemen's Land blacks under the wings of civilization is pathetically short. Robinson ultimately placed on Flinders Island in Bass' Straits upwards of 200 aborigines, and the Government gave to them every attention that humanity could dictate. But what war could not do, civilization accomplished. The settlement on Flinders Island was made in 1835, and twelve years afterwards the number of aborigines had dwindled to forty-four. These survivors were eventually transferred to Oyster Cove, in the south-east corner of the main island; the same consideration was shown them as on Flinders Island, but without avail, and on 3rd March 1869 Guillaume Lanné, the last male of his race, died at Hobart Town, aged thirty-four years.

One of Franklin's first official acts was the giving of publicity to the proceedings of the Legislative Council. He also endeavoured to bring about agreeable relations between the various parties in the community by his personal influence, his tact, his geniality, and his hearty and conciliatory manners. In all his efforts to ameliorate the social conditions of the colony he was ably seconded by his zealous and talented wife. Sir John Franklin was recalled to England in 1843. It has been the lot of many high officials in Australia to be the victims of intrigues; no service, however meritorious, is able to secure an officer from the malice and resentment of inferior minds, where such have the ear of authority. Franklin had dismissed

the Colonial Secretary (John Montague) for insubordination. Montague was able to get to England before Franklin's explanation reached the Colonial Office, and he made various charges against the Governor, which were readily swallowed by the officials, with the result that Franklin was recalled, and his explanation heard afterwards. He was succeeded by Sir John Eardley-Wilmot.

After the removal of the settlers, a penal settlement had been established at Norfolk Island, and in 1845 some two thousand convicts were there, controlled by Superintendent John Price. This man's administration of affairs was particularly cruel and merciless, and instead of checking the degraded instincts of his charges, served to aggravate them to fresh deeds of fiendish depravity. The settlement was a pandemonium, and matters went from bad to worse, until at last rumours reached the ears of the Home authorities. Governor Eardley-Wilmot thereupon received instructions to break up the penitentiary at Norfolk Island, and transfer the establishment to Port Arthur. Although this was carried into effect, the Governor still permitted Commandant Price to retain his office of Superintendent. It was not long before Port Arthur earned for itself a name as sinister as ever that possessed by Norfolk Island or Macquarie Harbour. The horrors of the "system" as practised there were so awful that many of the convicts gladly welcomed execution as a relief from them. At an inquiry before a select committee, it was elicited that in some instances prisoners murdered their comrades, with no other motive than to earn a respite by death from their hideous surroundings.

The condition of Van Diemen's Land as a penal settlement at this period is described in the section dealing with transportation, and it will be plain from the figures there given that there was a larger number of convicts, of one class or another, in the island than could possibly be absorbed for industrial purposes. But even if it had been otherwise, and employment could have been found for the

convicts, the majority of the colonists would still have opposed the whole convict system. From a moral point of view they were persuaded of the evil effects that the degrading spectacle of convict life would have on their children, and they feared that the permanent progress of the country would be arrested unless they were able, not only to prevent the further influx of convicts, but to dispose of many of those already in the country. The transfer of the Norfolk Island "irreclaimables" to Van Diemen's Land served still further to strengthen and embitter this opposition. There were, of course, as in other countries used as penal settlements, great financial difficulties in the way of reform. The expenditure by the Imperial Government on the maintenance of the penitential establishments was something like £300,000 per annum; but the Secretary of State for the Colonies was resolved upon cutting down this sum, and making the penal stations self-supporting, as far as it could possibly be managed. In pursuance of this new policy a stoppage was made in the building of roads, wharves, and other public works such as had hitherto been carried on at Imperial expense; and the convict labour thus liberated was applied to the clearing of land and the cultivation of crops. The produce thus raised was consumed by the prisoners themselves, and if a surplus remained over it was sold in the open market. This course of action on the part of the Imperial authorities gave a severe blow to the agricultural industry, which necessarily reacted on the tradespeople of the colony. As another consequence, the revenue from the sale of Crown lands fell off almost to nothing, the colony drifted deeper and deeper into debt, and fresh sources of revenue from taxation had consequently to be found.

At that time the Legislative Council was in part composed of nominee members, and six of them—known in local history as the "Patriotic Six"—resigned their seats, rather than acquiesce in the imposition of fresh burdens upon the people, under an irresponsible system of govern-

ment, and as an emphatic protest against the unconstitutional conduct of the Governor himself in borrowing money from the banks, and spending it without the authorization of the Legislature. This action on the part of the so-called "Patriotic Six" took place in the month of October 1845, and in the following year Sir John Eardley-Wilmot received a message from Gladstone, recalling him from the Government of the colony, mainly, it was alleged, for his want of attention to the mental, moral, and spiritual welfare of the convicts.

By a later despatch Eardley-Wilmot was informed that he would not be recommended for further service under the Crown, and this course it was explained to the unfortunate gentleman had been taken, "not on account of any errors committed by the Governor in his official capacity, but because rumours reflecting upon his moral character had reached the Colonial Office." Gladstone, however, augmented the harshness of this utterance by refusing to give Wilmot the names of his traducers, and thus enable him to clear himself of the charges laid to his account.

It is, however, significant that persons holding high positions in the island, such as the Bishop, the Chief Justice, and others in daily intercourse with the Governor, maintained with warmth and loyalty that he had been blackly maligned, and that there was no foundation for the aspersions cast upon his character. Eardley-Wilmot died of a broken heart only eight days after the landing of his successor. His funeral was the occasion of a public demonstration, attended by a large number of persons of all classes, who desired thus personally to show their great esteem and friendship for the dead Governor.

Eardley-Wilmot gave up his office on 13th October 1846 and died on 3rd February 1847. Sir William Thomas Denison, afterwards Governor-General of New South Wales, took over the administration of the colony on 26th January 1847, and relinquished it on 8th January 1855. Governor Denison's administration marks a turning-point in the history of the colony. One of his

first acts after assuming office was the restoration of their seats in the Legislature to the "Patriotic Six" who had resigned their office from conscientious motives, as already narrated. This step received the cordial approbation of Earl Grey, who was then Secretary of State for the Colonies. In other directions, however, the Governor did not acquit himself so well. In despatches to the Colonial Office Denison argued against the maintenance of the convict system, but in his intercourse with his fellow-colonists he appears to have been strongly in its favour, and he is reported to have declared that the discontinuance of transportation "was against the best interests of the young colony." When his advice was sought by the Colonial Office, on the subject of granting responsible government to the colonies, he expressed himself very vehemently against the concession so long as those colonies maintained their penal character, and he undoubtedly gave the people of Van Diemen's Land the impression that he was opposed to political autonomy in any circumstances. In the minds of the people, not only of his own colony but of New South Wales and Victoria, Denison was identified with the continuance of the convict system and opposition to responsible government. This policy had the support of a very influential party, chiefly composed of those flock-masters and land-holders who considered that cheap labour, together with a large annual outlay in the colony of Imperial funds, totally outbalanced all the evils and horrors of convictism. The Governor lent all the weight of his position and official influence to the convict labour people, and did everything in his power to put their views prominently before the Imperial authorities; nay, more, he went even so far as to represent the wishes of the pro-convict party as those paramount in the island. Fortunately, however, at that particular juncture in affairs the Colonial Office did not always concur in the opinions or follow the advice of some of its advisers in the Australias; and it even seemed probable, at one time, that the system would be abolished by the Imperial authorities upon their

own initiative. However, these kindly counsels were not of long duration, and the sanguine expectations of the abolitionists were disappointed by the sudden appearance in the Derwent River, on 12th November 1848, of the transport convict ship *Ratcliffe* with 248 prisoners. The people of Hobart Town authorized their leading citizens to wait upon Governor Denison, and strongly protest against the landing of any more of these unfortunate wretches in the ports of the colony. The objection was eloquent, but ineffectual, and the colonists of Van Diemen's Land had to wait several years before they were gratified by seeing transportation brought to an end. A narrative of the events leading up to the final abolition of transportation is given in the chapter specifically dealing with that question.

II

TRANSPORTATION

THE report of the Committee of the House of Commons on transportation, to which reference has already been made, raised the whole question of the treatment of convicts in the penal settlements, and directed the indignant attention of Great Britain to the harshness of the system, and the need for a speedy change. Blame was freely attributed to the Colonial Office, but that office, owing to its anomalous position, could not justly be held responsible. After the separation of the department of the Colonies from that of Home affairs, the control of the convicts in the penal colonies had rested nominally with the Secretary of State for the Colonies; but it had been the practice to refer any question raised by the government of a penal settlement, either as to any particular convict or as to the treatment of convicts generally, to the Secretary of State for the Home Department, and his answers to such questions invariably formed the basis upon which the Colonial Secretary grounded his replies. This division of the administration between two ministers was very unsatisfactory in its result. The Home Secretary declined the attempt to control the conduct of officers with whom he did not correspond and who were not subject to his authority; while the Colonial Secretary, in the same manner, declined to direct or initiate measures on a subject affecting British, rather than Colonial, interests. Hence no measures were originated by either minister, and no effective control was exercised from England, with the result that, so

far as concerned the discipline and employment of the convicts, the governors were latterly left almost entirely to their own discretion. After public attention had been so pointedly directed to the condition of the settlements, by the Select Committee of the Commons, there was a general quickening of the official conscience, and it was considered inexpedient on moral, to say nothing of political, grounds to permit matters to continue on the old lines. It was therefore decided by the Government that there should be an entire change of policy and administration, and that the Colonial Office should be held responsible for the convict administration under a scheme which commended itself to the Home Office authorities.

Owing to its very strong condemnation by the transportation committee, the assignment of convicts had been stopped at once, and no convicts who arrived in Australia after July 1840 were put to assigned service ; all remained on the hands of the Government, awaiting instructions as to their disposal. It was not until the close of 1842 that a new scheme of treatment was formulated in England. This scheme, which came into operation in Van Diemen's Land and Norfolk Island in 1843, was drawn up by Lord Stanley in conjunction with Sir James Graham, and was designed to make transportation effective, both as a method of punishment and as a means of reforming the persons to whom it was to be applied. The old system had been objected to because it bore too harshly on some and too leniently on others, and because while the penal settlements were not intended as a place of torment, neither were they designed to afford facilities to wily convicts to become rich. The general principle underlying the new scheme was that every male convict should undergo his punishment, without either pardon or mitigation, for some predetermined period bearing a proportion to the length of his sentence. In general, this proportion was fixed at one-half the period of sentence, a life sentence being reckoned for this purpose as twenty-four years. The period of punishment might be lengthened by bad conduct, but it could not be shortened

without the direct interference of the Crown. This was an important limitation of the prerogative of the Governor, and, like the abolition of assignment, it aimed at making the punishment of convicts, in a measure, certain and more equal than it had been under the system which it superseded.

Every convict was to pass through five stages in his progress towards liberty. In the first stage he was to undergo a period of hard labour. Men sentenced for fifteen years or more were to spend from two to four years as the Home Secretary should direct in Norfolk Island, where the administration underwent an entire change; men sentenced for seven to fifteen years were to spend the early years at prisons in Van Diemen's Land, while the short-sentence men were to spend from one to two years in the penitentiaries of the United Kingdom. Bad conduct might lengthen this period of rigorous punishment; good conduct would be taken into consideration in the convict's subsequent treatment. In the second stage the convicts were to be dealt with in probation gangs to be established in Van Diemen's Land. The men were to be divided into gangs of two or three hundred and were to work together, but under adequate and careful supervision. They were, as in the earlier stage, to receive definite moral and religious instruction of a careful and systematic character, and they were to pass a considerable portion of their time in schools. Their behaviour was to be watched carefully and noted systematically, in order that it might be considered when their subsequent treatment came to be decided on. Each gang was to be divided into two or three classes, and the work of each class was to be graded, so that good or bad conduct might be met by transference from one grade to another.

A prisoner who had passed the requisite period in the probation gangs, and whose conduct had been satisfactorily reported on, might then become a probation pass-holder. At this stage prisoners were permitted to enter private employment and to receive a certain amount of wages.

The pass-holders were of three classes. The first class could only take private employment subject to the previous consent of the Governor, and half the earnings of men in this class were to be placed by the employer in the Savings Bank, there to accumulate until the owners received their ticket-of-leave. The second and third classes could make engagements subject to the subsequent approval of the Governor. The second-class pass-holders received two-thirds of their wages, and the third class the whole amount. When not in private employment the pass-holders were to remain under the control of the Government superintendents, who could send them to work either on the public roads or in clearing land for private persons. They would generally be set to work in gangs composed exclusively of pass-holders like themselves, and, to stimulate them to obtain private employment, they were to receive only their clothing and rations. It was not necessary that every prisoner should pass through the three stages as a pass-holder. The Governor was to be guided by a man's previous conduct in fixing his class. Bad conduct as a pass-holder might degrade a man from one class to another, or even, if it were flagrant, send him back to the ranks of the probation gang. The fourth stage was that in which the pass-holders received a ticket-of-leave. No convict could receive this until one-half of his sentence had expired, and he had no right to demand it at any time. The fifth and last stage was that of pardon, conditional or absolute.

With regard to women, a radical change of plan was likewise attempted. It was ordered that the women sent from England should be placed in a penitentiary to be built in Van Diemen's Land, and that after the lapse of six months they should enter the labour market as probation pass-holders, unless their conduct had been such as to show that they were unfit for this privilege. It was hoped that the colony would in this way reap the benefit of private employment, without the very serious dangers which usually accompanied the assignment of women, and that

a stream of women convicts might thus pass rapidly into the general population of the colony, to the benefit of themselves and of the community at large. The existing factories were to be retained only as places of punishment, and were not to receive any newly arrived convict women.

Such were the general outlines of the new scheme. Its object, in Stanley's words, was to give "a very formidable punishment at the commencement, gradually relaxing in severity with the lapse of time, each successive mitigation being expedited by good conduct, or retarded by ill behaviour. The pivot of the whole plan is that part of the system which is described as probation gangs, a stage through which all must pass, in which all must be observed, known, and closely superintended—where all may be brought within the reach of moral and religious influences—a stage from which all will be anxious to emerge, and to which the incorrigible and refractory may be sent back."

The scheme required for its successful working certain conditions which did not exist. It demanded, on the part of all who were engaged in the control of the convicts, an intelligence and sense of justice which was never displayed in the lower ranks of the service, and very rarely in the upper ranks. It is due to the Colonial Office to say that, in order to give the system a fair chance of working, the heads of the new convict administration were sent out from England, and the practice of employing convicts as overseers of gangs was stopped; but there was no change in the personnel and administration as a whole, such as would of itself effect a radical change in the treatment of the prisoners. The scheme, further, counted on a large demand for the services of probation pass-holders, which would cause their ready absorption into industrial life; this demand at no time existed. For its successful working the scheme also required the co-operation of employers in order to advance the reformation of their men: a co-operation which it is scarcely needful to say was not given. The most extraordinary assumption made by the authors of the scheme was, that the convicts

themselves would be interested in their own moral improvement, and that each successive stage of their treatment would be for them a stage nearer complete moral reformation, for without a real reformation in the majority of the convicts dealt with the system was certain to fail.

These far-reaching changes would ordinarily have been considered well purchased at a considerable pecuniary sacrifice, but the scheme contained, in addition to its provision for the due punishment and moral reformation of its subjects, the design to secure these ends at the cost of very little extra expenditure. The authorities in England were not oblivious to the fact that the cost of supervision, under the new system, would be far greater than under the old, but they determined that any such increased cost should be counterbalanced by the income that was anticipated from convict labour. Instructions were therefore given that a certain proportion of the convicts should be put to farming work, and as much as possible of their food should be produced by their own labour. This was a severe blow to the Van Diemen's Land farmers, but the local government itself was not to escape. It was also ordered that where men were employed upon public works, their services should be paid for by the government of the colony at the rate of 6d. per day per man, this being the estimated cost of a convict's keep, and this procedure was justified on the ground that, where the services of the men were paid for, their work would be more usefully directed and better controlled. The colony would in any circumstances have objected to pay for convicts employed on public works, but at the time this rule was introduced its finances were at a low ebb, and the Governor, Eardley-Wilmot, found it necessary to point out that public works were not likely to be undertaken, as the colony had not the means to pay for them, and the convicts would remain unemployed. Until the matter was settled, the colonists frequently saw the ridiculous spectacle of convict gangs kept in idleness, because the local government could not pay for their services, though

useful work might readily have been found. Representations on the subject were made to England, and as unemployment would have destroyed the foundation on which the whole scheme was built, the regulations, in regard to payment for men employed on the road gangs, were modified, so that the colony had their services without any charge, except that of superintendence.

The probation pass system aimed likewise at economy. Stanley regarded the system of assignment as applied to male convicts as having been condemned "too loudly and too indiscriminately," and the probation pass system was an attempt to obtain the economy of assignment without its attendant evils. The men were free, within limits, to choose their employers, and thus the idea of slavery, so odious to an Englishman's mind, was removed; while the fact that all the prisoners had passed through a rigorous punishment satisfied his notion of justice. But neither of these facts commended the system to the private employer. The cheapness of the labour was, in his eyes, its only merit. The initial wages of pass-holders had been fixed at 3s. 6d. per week, and it was provided by the regulations that a portion of this sum should in the case of first- and second-class pass-holders be banked for them by their masters. This rule was entirely neglected in the few cases where pass-holders of the classes mentioned were employed, and in the end the Governor took the view of the employers, that no saving could be expected out of the small wages allowed, and the difficulty was met by the Governor refusing to give passes to men who were not qualified to receive those of the third class, from whose wages no deduction was made. In other ways also the regulations were ignored by the employers, where they cast upon them any obligation involving trouble which could be avoided. So far as the women were concerned, the alteration in their treatment was at first productive of some good. But as, for the sake of economy, a convict ship, the *Anson*, was used as a penitentiary, and was very inadequately fitted for the classification of the women,

and as the use of a ship prevented many forms of useful work being undertaken, the whole ended in failure ; and in 1848 the women were allowed to take private situations on arrival, unless the special nature of their crimes or their bad conduct on the voyage made such a course impossible. The demand for the service of any suitable women was at all times very lively ; nevertheless, in their case also the residuum, left on the hands of the authorities, was far greater than was contemplated by those responsible for drawing up the regulations. These philanthropic people seemed to expect that, the road to reform having been clearly marked out, the unfortunate and hopeless creatures sent to the colony would necessarily follow it ; forgetful of the fact that the larger number of them had no wish to be reformed, and could not be reformed against their inclinations.

As regards the men, the general features of the scheme were nobly conceived, and in happier circumstances might have produced good results, but the vain attempt to combine stringent economy and reformatory treatment was certain to end disastrously. The economic condition of Van Diemen's Land was unfavourable to the success of the experiment. Trade and agriculture were much depressed, and there was little demand for labour. Stanley had suggested that pass-holders, not in private employment, should be engaged in clearing the land of private persons ; but as this work was to be paid for, few persons would allow their land to be cleared. As early as December 1844 it became necessary to employ 2600 pass-holders on Government relief work, and, later on, large gangs were employed clearing the waste lands of the Crown, an entirely useless proceeding, as before many years elapsed the scrub reconquered the cleared lands.

The new scheme of convict discipline thus failed completely from an industrial point of view, and in its reformatory effect its failure was not less complete. It was a vital part of the scheme that the men should be given careful moral and religious instruction, which it was hoped

would in time bear its measure of good fruit ; but there were many obstacles to their receiving this instruction. Under the old system a minister of any denomination, who was stationed conveniently near a convict gang, was allowed to act as chaplain if he so desired, and usually the services organized for the men partook of no definite denominational character. Under the new system religious instruction was to be systematized. Churches for convicts were erected, and a body of catechists were sent out from England to conduct services in the churches, the wish of the Government being that they should later on be regularly ordained by Dr. Hooper, the Church of England Bishop. Two difficulties immediately arose. The convicts seized the opportunity to assert their right to choose their own form of religious ministration, and in various gangs a large proportion of the men refused to attend the service of the English Church. The Governor was therefore faced with the alternatives, either of abandoning the attempt to have the men instructed in morals and religion, or of providing them with churches and chaplains for each of the various religious denominations represented amongst them. The orders from England in regard to religious instruction were imperative ; indeed the whole success of the scheme depended upon an actual, visible, and measurable improvement in the morals and demeanour of the convicts as they passed through the various stages of their probation. In the opinion of the authors of the scheme, this improvement could be effected by means of moral and religious teaching, and by no other means. To cease giving this teaching was therefore not to be thought of, and the Governor fell back on the other alternative. While this matter was engaging attention, the difficulties of the Governor were augmented by the demand of the bishop for the complete control of the chaplains of the Church of England, and by his refusal to ordain the men appointed by the Government. The Bishop stuck to his principles for some time, but was ultimately overruled, and the chaplains remained free of his control. To meet

the scruples of the convicts, a number of ministers of the principal denominations were appointed to act as chaplains. It was obviously impossible to supply four or five chaplains to every gang, and the device was adopted of increasing the number of convicts in the gangs, and as far as possible placing men of the same nominal religious profession in the same gang. The elaborate scheme of convict reformation given to Eardley - Wilmot to work out contemplated the careful superintendence of each gang as a whole, and of each individual member of it, and an elaborate system of marks was devised by which the progress of every individual might be recorded. But when the number of men in a gang was increased to somewhere about 400, in order to afford them the ministration of a chaplain of their own denomination, the elaborate arrangements in regard to instruction, superintendence, and individual study became impossible to carry out.

The English authorities were confident that under this new system there would be a very great and beneficial change in the demeanour of the convicts, and Eardley-Wilmot was instructed to furnish frequent and minute reports of their conduct. If everything had worked out as smoothly as was planned in England, the Governor might have been able to comply with his instructions; but even then his reports, concerning the thousands of convicts in his charge, could only have been based on second-hand information. He had many preoccupations, and contented himself, as a rule, with transmitting the detailed reports of the Comptroller of Convicts in regard to the conduct of the men and, for his own part, dwelling mainly upon the economic difficulties which arose in the course of his work. These were very considerable. In 1845 the labour market was crowded with convicts in all stages of punishment, and a large number of desperate criminals from Norfolk Island had been added to the population. The free colonists were panic-stricken when they contemplated their future and that of their children, and to

add to the embarrassment of the situation the financial position of the Government was greatly disordered.

The reports of the Comptroller were not as a rule cheerful reading. The authors of the scheme honestly expected that under their system the convicts would automatically improve in morals and discipline, as they passed from stage to stage under the operation of the various regulations, and it was concluded that the want of success which was regularly reported was due not to the system itself, or to any failure on the part of the English authorities to support their scheme with adequate material means, but to neglect on the part of the Governor in carrying out instructions ; and in 1846 Eardley-Wilmot received a message recalling him from the Government of Van Diemen's Land. Gladstone was then Secretary of State, and the purport of the despatch may be gathered from the following extract from it :

You have been placed, I freely own, in circumstances of difficulty. As far as that difficulty has been economical and financial, you have given it your attention and endeavoured to meet it, if not always in such a manner as to command the concurrence of Her Majesty's Government, yet by no means so as, upon these grounds alone, to have necessitated the cessation of your tenure of office. But so far as the difficulty you had to meet was a moral one, and this I must add was its chief characteristic, it has not only been not overcome, but it does not appear from the information with which you have supplied me that any adequate or sustained effort has been made to contend against it. . . .

You have under your charge and responsibility many thousand convicts formed into probation parties or living together at Government Depots. It is only with extreme rarity that you advert in your despatches to the moral condition of these men. You have discussed the economical questions connected with their maintenance or their coercion, and you have even entered into argument, though in a manner too little penetrating, upon their offences against the laws. But into the inner world of their mental, moral, and spiritual state, either you have not made it a part of your duty to examine, or else, which for the present issue

is, I apprehend, conclusive, you have not placed Her Majesty's Government in possession of the results; and I need scarcely point out to you that this is the region in which reformatory efforts are to operate, and that it is a region very distinct from that of offences actually brought under the cognizance of the law.

This was followed by another despatch removing Wilmot from office on the grounds of rumours affecting his moral character. These rumours were cruel and groundless, but were doubtless in Gladstone's mind when he penned his despatch alluding to examination by the Governor of the "mental, moral, and spiritual condition of the convicts under his control."

The elaborate system devised under the auspices of Lord Stanley and Sir James Graham was now admitted to have failed, and it suited the purpose of the Colonial Office to fasten the blame on Eardley-Wilmot. In the peculiar circumstances of Van Diemen's Land, it was not possible that there could have been any other result. It was essential, in order to carry out the fundamental idea of the scheme, that there should be sufficient private employers to take the men directly they were given a probationary pass, and the kindly interest of his employer and the salutary effect of honourable labour were relied upon to carry out the work of reformation. Both of these were absent.

Simultaneously with the occurrence of these difficulties in Van Diemen's Land, the short-sentence men, who had been undergoing the first stage of their punishment in the English prisons, were ready for transportation. According to the regulations, these men were to be sent to Van Diemen's Land, and on their arrival in their new homes granted a conditional pardon. It was obvious that to send them to the island colony, where there were already several thousands unable to obtain work, would have been an act of folly, and it was therefore natural that the English authorities should lend a willing ear to the representations, then being made by Australia, in favour of a revival of the

convict system. These representations were increasing, and, in the conditions of the settlements, not unnatural.

The pastoral industry of Australia had grown to be not only the greatest in the country, but also of importance amongst world industries. Like all others, it depended for its success on the maintenance of a proper supply of labour, and this labour, it was argued, could not be obtained from other than convict sources. In the years immediately preceding the abolition of transportation to New South Wales, the demand for convict servants far exceeded the supply, and when the doom of the system was pronounced in 1839, there were about 25,000 convicts in private employ, and as many more could have been placed had they been available. Six years later the number had fallen to less than one thousand, and though many of those who became free remained at their old occupations, there was none the less a very large deficiency in the class of labour that the pastoralists demanded. This was within the knowledge of the English authorities, who were all the more disposed to listen to the representations of the colonists from the circumstance that the continued sending of convicts to Van Diemen's Land had aroused no feeling in England. They did not, however, propose to ignore altogether the lessons of the past. It is true that the large property-owners and stock-owners were enthusiastically in favour of a return to the old system just as it was at the time of its abolition, but the objections of the rest of the community had to be considered. A scheme of compromise was therefore devised. Offenders were not to be sent to the colony immediately on receiving their sentence, as was the case under the old system; the direct penalty for their crimes was to be paid in England, and when this was over they were to go as exiles to Australia. On their arrival in their new home they were to be given a pardon on condition that they did not return to England, and it was hoped that they would be employed in districts remote from the towns, and there remain for a period of at least twelve months.

In following the advice given to him in England by his officials, the Secretary of State undoubtedly considered that he was acting in the best interests of the colony in re-establishing transportation, and there were many influential people to tell him so. The great employers in the colony, the absorbers of abundant and cheap labour, were the real rulers of the country. From their ranks were chosen the members of the Legislative Council; they had the ear of the Governor, and the Governor in turn had the ear of the Secretary of State. Nor is it improbable the majority of colonists of all classes were in favour of transportation. Such was certainly the case in 1839, and, in spite of the large inflow of immigrants, five years later we find the inhabitants of Port Phillip passing a resolution "that in the absence of the ordinary means of obtaining free immigration, and to check the introduction of expiring convicts from Van Diemen's Land, it will be beneficial to Port Phillip to receive exiles." There was some little dissent to the terms of this resolution, even at the meeting which passed it, but it may be taken as representing the attitude of an important section of the public on this question. Nevertheless, there was considerable opposition to the exiles. The *Port Phillip Gazette* was the only paper in the district which supported their introduction, and it did so because it regarded it as a lesser evil to take "the likely class from England than the off-scourings of Van Diemen's Land." The other papers spoke of the exiles as a "pestilence." The mechanics of Melbourne objected strongly to the exiles, and several meetings were held to protest against their admission to the colony. In the Sydney district there was a very similar division of opinion on the question, and though exiles were not sent thither, many employers hoped that they would be sent, and took steps to secure the services of some who were sent to Port Phillip.

The scheme of the Colonial Office did not entirely please any section of the community. A considerable number of the flock-owners held the view, which was perfectly

reasonable, that while the morals of the probationers would be no better, and probably, on account of the greater licence, much worse, than those of the assigned servants of a former day, the punitive control of masters over their labourers would be very much less. Nevertheless, they were willing to employ the exiles, knowing that it was unlikely any other form of convict labour would be available for them. The chief opposition came from representative men of the immigrant class, who argued that the general adoption of the new scheme would utterly destroy the value of free labour and annihilate wages. This, of course, was the language of exaggeration, but it marks the apprehensions of the workers as to the effects of the re-introduction of semi-servile labour. At this particular period the views of the working classes were not seriously considered by the governing authorities, either in England or in the colony, and so far as the latter was concerned, these classes had no means of enforcing their views at the polls. Taking the population as a whole, there was a disposition to view tolerantly any considered action of the British Government, which had abolished transportation without being moved to do so by the force of colonial public opinion, and might be allowed to introduce the system again, if it saw fit.

As Port Phillip stood more urgently in need of labour than any other part of the country, the exiles were sent there. The first batch arrived in November 1844, and consisted only of twenty-one men, who were brought out under an engagement to a settler named Yaldwyn. Six shipments followed between that date and June 1848, the total number of persons landed being 1568. The first arrivals were drafted to the country districts and put to work at low wages; most of them remained in the places to which they had been sent, but before long the exiles found out that there was no authority to compel them to go to the country districts or remain in any assigned place, so a large proportion of subsequent arrivals went to Melbourne. This was contrary to the policy of the Colonial

Office, and against the wishes of the colonists, and it was deemed necessary to change the regulations governing the deportation of exiles so as to ensure that the men would remain in the districts to which they were assigned. To do this legally the status of the transportees had to be altered, and the country again proclaimed as a place to which convicts might be sent. Accordingly, the convicts were no longer given a pardon on their arrival, but a ticket-of-leave, which gave them their freedom conditionally on their remaining in an assigned district; if they should leave that district, their tickets-of-leave would be cancellable, and the offenders liable to be sent to prison. It was not intended to alter the class of persons who would be sent out under the new scheme, and they would still be euphemistically called exiles, much importance being attached to the retention of that designation.

The exiles who had been sent to Port Phillip had obtained employment without difficulty, and their landing had met with little opposition. The Colonial Office argued from this circumstance that no objection would be taken to still larger numbers being sent under their new scheme, especially as it put the exiles at the mercy of their employers, by compelling them to remain in the one district and accept any work offered them or starve. The revised policy was outlined by Gladstone in a despatch which was presented to the Legislative Council in Sydney on 7th October 1846. This despatch was very lengthy, and set forth clearly what was in the minds of the officials at the Colonial Office. It was addressed to Fitzroy and ran as follows :

I am desirous that at the commencement of your administrative duties as Governor of New South Wales, you should be possessed, in a form as definite as the state of the case admits, of the views of Her Majesty's Government with regard to the introduction of convicts into that colony.

You are aware that the practice has, for some years past, been to exclude New South Wales from the sentences of transportation passed in this country, and that this

practice is commonly reported to rest upon a promise from Her Majesty's Government, made in or about the year 1839, that transportation to New South Wales should cease; I do not think it necessary to examine the origin or to question the accuracy of this opinion, for taking together the subject matter to which it refers, and the extent to which it prevails, I am inclined to believe that the practical mischief of exciting jealousies by controverting it would be greater than any that can arise from acquiescence in the assumption of its correctness. It is in short the intention of Her Majesty's Government not to alter the present practice as to the transportation of criminals, so far as New South Wales is concerned, without the general approval of the colony or of that portion of it to be affected by such alteration. At the same time, while Her Majesty's Government are desirous to lessen the number of convicts annually sent to Van Diemen's Land, they are also disposed to doubt whether, even independently of any regard to the state of things in that colony, it is to be desired that the absolute exclusion of transported convicts from New South Wales should continue, and this much at least is evident, that now is the time for the consideration of the question, before the sentence of the convicts still serving their time in that colony shall have expired, and the establishments connected with convict discipline shall consequently be broken up.

Her Majesty's Government sympathize with the impatience of the colonists of New South Wales under the system which prevailed there some years ago, and can well understand that the renewance of that system, the resumption of transportation to that colony on a scale even faintly resembling the former one, must be regarded with a just jealousy and alarm. But the question is essentially and entirely different whether it might not be a measure favourable to the material fortunes of New South Wales, and unattended with injury to its higher interests, to introduce either directly from England at the commencement of their sentences, or from Van Diemen's Land at some period during their course, a number of prisoners small in comparison with the numbers which were carried to that colony under the former system of transportation, and smaller still, of course, relatively to the augmented population, among whom they would now be dispersed. It is moreover to be remembered that these prisoners would be employed upon a system different from that of

former times, under which the abuses then complained of were generated.

I trust that the frank avowal which I have conveyed to you of the intention of Her Majesty's Government to respect the general sense of the colonists in their deliberations upon this important subject, will enable you with the greater ease to avail yourself of any opportunity which may offer of suggesting its consideration. On the other hand, it will be acceptable to Her Majesty's Government if the members of the Legislative Council of the colony should show a disposition to concur in the opinion that a modified and carefully regulated introduction of convict labourers into New South Wales, or into some part of it, may, under the present circumstances, be advisable. It seems probable that we may again be approaching a period, if indeed such period has not already arrived, when the supply of free labour in the Australian colonies is on the whole below the demand. It might even happen that in Van Diemen's Land the supply of convict labour, large as it is, might be insufficient to meet all the beneficial cases open for its application, but the presumption is that the former contingency, namely, that of a scarcity in free labour, will both arrive sooner and endure longer. In Port Phillip, as I find from a despatch of your predecessor, the unequivocal signs of it have already begun to appear, and they have taken a direction not unnatural, namely, that of a desire for the introduction of prisoners passing through the later stages of their terms from Van Diemen's Land.

The labour of such persons would be more liberally remunerated in Port Phillip than in Van Diemen's Land. They would be much more thinly dispersed among the population, would form a scarcely perceptible element in the composition of society, and would enjoy the favourable opportunities of improving habits and character which transportation, according to its first theory, was designed to afford, and if this disposal of them during the later portion of their respective terms should follow upon a period of really efficient discipline in the probation gangs (which as yet I by no means despair of their being made to yield) during the earlier portion—in such case I conceive, while the economical benefit to Port Phillip would be great, the hazard from which such an immigration can never perhaps entirely be set free, would be reduced to its minimum, and the hopes of the ultimate reformation of the convicts proportionately raised. :

One portion, therefore, of the subject which deserves your consideration, upon which you may find it advantageous to ascertain the sentiments of the colonists, is the question whether hereafter it may be advisable to frame arrangements, by which persons having passed through their periods of probation in Van Diemen's Land, may be introduced either under agreement or as candidates for private employment into New South Wales generally, or into the district of Port Phillip only, provided it should appear that the colonists of that district only are desirous of such introduction.

But, independently of the temporary and occasional scarcity of agricultural labour, or even of the introduction of bondsmen to enlarge the permanent supply, it will also be for you to consider whether there are, or are not, certain descriptions of occupation, for the sake of which it might not be advisable regularly to introduce a limited number of convicts from England into the colony. I advert to the execution of public works generally, to the making and repair of roads, for which, I apprehend, there is not at present found to be any adequate provision in New South Wales, and to any other descriptions of employment which, from its irksomeness, or otherwise, are not sufficiently supplied by the free labouring population of the colony, always presuming that they are neither destructive to health nor essentially liable to moral objections, and therefore at variance with the reformatory principles on which it is the earnest desire of Her Majesty's Government to regulate the system of transportation. These employments ought to be of a nature so far requiring the aggregation of a number of labourers in the same place as to give opportunity for the closest inspection, for subjecting the whole distribution of the time of the men and all their habits to a rigid discipline, and for applying to them the agency of systematic and effective religious instruction.

I have endeavoured to supply you, not with any definite plan, nor even with the essential elements or conditions of a plan, but simply with some slight or general outline of the course into which it may be well for you to direct your reflections and inquiries upon a difficult but an important and interesting subject. As I may learn from you the progress you may make, whether at once or by degrees, in bringing it to maturity, I shall be prepared to communicate to you the determinate and particular views of Her Majesty's Government regarding it, but you will not lose sight of this fundamental proposition, that while Her

Majesty's Government will receive with satisfaction any evidence of a disposition to second the views which I have here expressed, they disclaim the intention and the desire to take any proceeding in the matter except such as may be generally conducive to the interests and agreeable to the inclinations of those whom it will most intimately concern.

I have marked this despatch as private and confidential, but I have to apprise you that it will be in your discretion to make it public, if you shall find reason to consider that such a course would be expedient.

The proposals outlined in this document would, if carried out, have brought the settlements a long way on the road to the full transportation system abolished seven years previously. Not only were there to be exiles, but time-expired convicts from Van Diemen's Land, and a reconstitution of the road gangs. The Legislative Council appointed a select committee to report on the proposals, and the text of the despatch was made public. This was the signal for a renewal of the agitation against transportation. Formerly the agitation was confined to a few ; now there was a large and compact body of opinion behind it, chiefly of the free immigrants, the rank and file of whom were against transportation almost to a man.

Various public meetings were held throughout the colony to consider the proposals, and a strongly worded adverse resolution was adopted at a meeting in Sydney, and immediately endorsed by 7000 signatures. The report of the Select Committee of the Council was presented to that body on 31st October 1846 ; it was in effect a tacit concurrence with the proposal of the Secretary of State, but with suggestions as to the importation of an equal number of females, simultaneous free immigration, and the non-aggregation of the convicts in large bodies. This report was brought in on the last day of the session of the Legislative Council and was not formally adopted ; nevertheless it was despatched to England and accepted as the opinion of the Council as a whole, which at the time it undoubtedly was.

The Council adjourned for five months, and during the

interval before its reassembling there was a wide-spread agitation against transportation in every form. Various members of the Council, who had previously supported transportation, found themselves constrained to oppose it. The subject was brought up for formal consideration on 14th September 1847, when it was resolved by a majority of eleven to seven "that this Council disapproves of the principles avowed and recommendations contained in the report of the Select Committee . . . and desires to record the expression of its opinion that a return to the system of transportation and assignment would be opposed to the wishes of the community, and would also be most injurious to the moral, social, and political advancement of the colony."

Meanwhile, a despatch of Earl Grey, who had succeeded Gladstone as Colonial Secretary, was on its way to Sydney. Earl Grey had before him the report of the select committee agreeing to the revival of transportation; and, accepting the recommendations of that report, he proposed to send out exiles and ticket-of-leave holders, to be followed by their wives and families, and by an equal number of free immigrants at the expense of the British Treasury. The proposal of the Colonial Secretary was subject to the concurrence of the Legislative Council, and while it was on its way to Sydney, that Council, as mentioned above, had already condemned the renewal of transportation in unmistakable terms.

The demand for labour was so keen in 1848, and the prospect of meeting it by free immigration so slight, that the proposal to introduce criminals from England, together with an equal number of free immigrants at the expense of the British Treasury, was largely acquiesced in, and the two leading newspapers gave it their support. Commenting on the proposal on 22nd March 1848, a few days before the publication of Grey's despatch, the *Sydney Herald* declared that, "under the exigencies of our labour market, it wears a very attractive aspect." Three days later, when the particulars of the scheme had been published, the paper,

after expressing a desire that exiles should be sent with their families and an equal number of free immigrants, stated that the scheme "ought to be favourably entertained, not certainly as an expedient to be chosen on its own account, but as one to which the necessities of our labour market and the utter hopelessness of an adequate influx of voluntary emigration, compel us to submit."

The *Australian* gave the scheme a much more enthusiastic reception. In an article of 7th April 1848 entitled "The Disposal of England's Crime and Poverty" the following passages occur :

In place, therefore, of the dribbling system of shipping small drafts at broken intervals, we say to England, Ship all your Crime and Poverty, which, whilst they reduce the remuneration of labour and lower the standard of comfort and subsistence at home, will produce a directly opposite effect if deported to a labour market where the demand may truly be described as unlimited. . . . Let our boundless labour fields be made available in the fullest extent for those millions of our starving and criminal brethren for whom England has hitherto provided no other place of refuge than—The Union or the New Bastille, the Spital or the Gaol.

The *Herald* desired that the contingents should be small, and did not like the ticket-of-leave system, but at the same time declared

if the men were landed under the restraint of tickets, their dispersion and employment in the rural districts and their preservation from the pernicious influences of the towns would be reduced. . . . The natural advantages ensured by the ticket system must countervail any minor objections, merely fanciful in their character, and we are disposed to hope that upon a careful review of the obvious benefits and the very trifling inconveniences of Lord Grey's plan, the colonist will ask for its extension rather than its abrogation.

It referred to the old system as one under which 95 per cent "of the prisoners reformed and turned out good members of society" and spoke of the new plan as promising to be "of incalculable benefit to the colony."

Grey's proposal came up for discussion on 7th April 1848, when, notwithstanding its adverse decision not seven months previously, the Council unanimously adopted a resolution to the effect that it was disposed to co-operate with the Home Government for the carrying out of the scheme of reformatory discipline indicated in the Colonial Secretary's despatch, but urged as a point of the greatest importance to the complete success of the measure, that the wives and families of the exiles should accompany rather than follow them.

The public at large was not inclined to take this decision of the Council as ending the controversy ; on the contrary, there was the greatest dissatisfaction, and an anti-transportation league was formed "to oppose by every legal and constitutional means the revival of transportation." This league held meetings in every part of the colony and prepared the electorates to return to the Council men pledged to resist transportation in any guise, not only to New South Wales, but to any part of the Australian settlements. But Earl Grey knew nothing of this.

Sir Charles Fitzroy, the Governor-General, wrote to him strongly in favour of transportation, and all the men of position in Australia whose opinions came under his notice were equally strong in the advocacy of its revival ; the *Australian* newspaper was enthusiastic, and the *Sydney Herald* dispassionately in its favour. It is therefore not surprising that the Secretary of State thought that, in taking the course he had mapped out for himself, he was forwarding the views of the colonists and protecting their interests, liable to suffer greatly from want of labour. In reply to the Council's resolution and address of 7th April 1848, he prepared an elaborate memorandum detailing the steps he proposed to take to reintroduce convictism into Australia. In this memorandum, which was dated 8th September 1848, he explained the reason for his not sending out free immigrants, but clearly indicated that they would be sent later. As this despatch was the text of many abusive speeches charging Grey with chicanery,

double dealing, and what not, it is worth reproducing at length. It was addressed to Fitzroy, and ran as follows :

1. I have had the honour of receiving your despatch of the 10th of April last in which you have transmitted to me a copy of the address presented to you by the Legislative Council of New South Wales, expressing the willingness of that body to concur in the introduction into the colony of convicts holding tickets-of-leave or conditional pardons on the terms proposed in my despatch of September 3rd, 1847.

2. The late period of the year at which your despatch has been received, and the approaching termination of the session, render it impossible that Her Majesty's Government should now apply to Parliament for any grant for the purpose of sending free emigrants to New South Wales in consideration of the consent of the colony again to receive convicts from this country.

3. Independently also of the period of the year, the present financial circumstances of the country oppose a difficulty which I cannot hope will be removed by the commencement of the next session to our applying to Parliament for any grant for this object.

4. Under these circumstances my first impression was that it would be necessary to abandon altogether the idea of sending out convicts to New South Wales, as I readily acknowledge that, after what has already taken place upon this subject, Her Majesty's Government cannot, without the consent of the colonists, refuse to provide for the conveyance of an equal number of free immigrants if convicts are to be sent at all to New South Wales.

5. But upon a further consideration of your despatch, and of the information which has reached me from various sources as to the urgent want of labour in the colony, and as to the great usefulness, as labourers, of convicts who have been previously trained under the system of punishment now adopted in this country, I have been led to the conclusion that the colonists of New South Wales would prefer to the entire abandonment of the measure proposed, receiving a moderate number of convicts, even unaccompanied by an equal number of free emigrants, sent out without charge to the colony.

6. I am the more induced to adopt this conclusion because it appears from additional information received since the date of my despatch of last year, that without incurring so large an expense as was then contemplated,

there will be no difficulty in disposing of all the convicts for whom it is necessary to provide, and who are well calculated to become labourers in the colonies.

An arrangement much less costly to this country will, as I have reason to believe, be of so much advantage to several of the British colonies where there is a great demand for labour, as to induce them gladly to receive all the convicts that can be sent to them.

7. I enclose a copy of the despatch which I have addressed to the Governor of the colonies alluded to on this subject; it will explain to you the terms on which it is now proposed that convicts should be sent abroad. If the Legislative Council of New South Wales should agree to receive convicts upon these conditions, Her Majesty's Government will continue to send there a portion of those whom it may be necessary annually to remove from this country; if not, another destination must be found for them.

As so much delay would be occasioned in sending to the colony labourers who are urgently wanted, if I were to wait for an answer to this despatch before any measures for carrying this arrangement into effect were adopted, I propose at once advising Her Majesty to revoke the Order-in-Council by which New South Wales was made no longer a place for receiving convicts under sentence of transportation.

8. This step is necessary in order that the Colonial Government may have the requisite authority to enforce the regulations applying to convicts holding tickets-of-leave who may hereafter be sent to New South Wales. When that colony shall thus again become a place to which convicts may be transported, the necessary legal power for sending them thither in custody, and for subjecting them to all the Laws applying to transported convicts will revive. This power includes, as you are aware, that of withdrawing the ticket-of-leave held by a convict in the event of his misconducting himself or failing to conform to those regulations which are prescribed to him. This power of withdrawing tickets-of-leave when necessary is essential for carrying into effect the system in contemplation, as you will perceive from the enclosed copy of a despatch I have recently addressed to Sir W. Denison in explanation of the measures which it is intended to adopt, in order to recover from the convicts the cost of their conveyance to the colony. You will distinctly understand that it is not intended to send to New South Wales any

convicts but those who are considered to be deserving of tickets-of-leave on their arrival, and also to be calculated to become useful labourers in the colony. You will further bear in mind that those from whom tickets-of-leave are withdrawn for misconduct will thereupon become punishable in the penal establishment of the colony, and that the excess of the cost of their maintenance in these establishments, beyond the value of the labour they may perform, will be charged to this country until the expiration of their original sentences.

9. I anticipate with some confidence that this arrangement will be regarded as one calculated to prove beneficial to the colony, though perhaps less so than that which I described in my despatch of last year. New South Wales will thus obtain a class of persons who, though they may have been guilty of crimes in this country, yet will be likely in general to prove useful labourers under the restraints to which they will be subject, and after the preliminary punishment they will have undergone. It will also obtain the means of acquiring, in consideration of its reception of convicts, an accession to the funds applicable to free emigration, and though it is hardly probable that the repayments obtained from the convicts will suffice to defray the cost of sending out an equal number of free settlers, this deficiency will become of less importance inasmuch as the means of renewing free emigration upon a very large scale have been provided by the colony, and there will thus be poured into it a stream of population of the best description, sufficient, I trust, to neutralize the demoralizing effect which might be apprehended if the persons introduced from this country were principally convicts.

10. In the expectation that for these reasons the reception of convicts under this arrangement will not be unacceptable to the colonists, it will be acted upon until I shall receive an answer to this despatch, but if it should then appear that the colonists object to receiving convicts on these terms, no more will be sent, and Her Majesty's Government will apply to Parliament for such a grant for free emigration to New South Wales as, with the repayments from the convicts previously sent, will be sufficient to send out an equal number of free settlers.

As indicated in his despatch, Grey did not wait until it had reached its destination and had been considered, but

sent out a few shiploads of convicts, at the same time revoking the Order-in-Council abolishing transportation to New South Wales. One shipload was quietly disembarked at Melbourne in February 1849, and on a public protest being made to Sir Charles Fitzroy, he promised that there should be no further landings in Melbourne until the wishes of the inhabitants were made known to the Secretary of State. It was soon made very plain that opposition to the landing of the exiles would be equally strong in Sydney. Ten months previously the newspapers had applauded the idea of receiving England's criminals, but on 27th February 1849 the *Sydney Herald*, which undoubtedly then correctly voiced public opinion, denounced the injustice of exposing "our untainted labourers, our free immigrants," to "the hateful competition of ticket-of-leave holders," and deplored the necessity under which "our little community must revive, not only the distinction between Free and Bond, but the more rancorous distinction between Free and Freed," though in what way the first injustice would have been avoided if the convicts had been accompanied by free immigrants, or the latter, if these criminals had all belonged to the class of "conditional pardon" men is not clear. But whether this logic was good or bad, and whether they were consistent or not, both press and people had made up their minds against transportation in any form.

The Council that had passed the pro-transportation resolution had been dissolved before Grey's despatch reached Sydney. The new Council met on 15th May 1849, and on 1st June it proceeded to the discussion of the questions raised by the Colonial Secretary, and without dissent passed a resolution declaring "that this Council, having maturely considered the despatch . . . dated 8th September 1848, declines to accede to the proposal therein contained for the renewal of transportation to this colony, and strongly protests against the adoption of any measure by which the colony would be degraded into a penal settlement. That this Council, therefore,

would earnestly entreat Her Majesty to be graciously pleased to revoke the Order-in-Council by which this colony has been again made a place to which British offenders may be transported."

Nor was the general population behindhand in the expression of their indignation at Earl Grey's proposal, and while their agitation was at its height the ship *Hashemy* arrived in Sydney with a cargo of 212 convicts, a landing having been refused them at Melbourne in accordance with Governor Fitzroy's promise. Immediately on the fact becoming publicly known that the *Hashemy* was off the coast, the people of the metropolis were lashed into a fever of excitement, and a great public meeting was convened to consider "what steps should be taken in this pressing emergency." The speeches at the meeting were of the most inflammatory kind, and charges of bad faith were unhesitatingly directed against the British Government. The Governor in his communications with England professed to discredit the genuineness of the feeling displayed by the populace; nevertheless he saw fit to forbid the landing of the convicts at that time, not caring to face the obloquy and public indignation which the adoption of any other course would certainly have brought upon him. As, however, the *Hashemy* could not be sent back, and as her prisoners could not permanently remain on board, a compromise was entered into. Some of the convicts were sent to Moreton Bay, in order that the settlers there might have an opportunity of hiring them, and the rest were quietly removed from the ship, it being stipulated that they should not land in Sydney, nor be employed in any part of the surrounding district. Four ships containing convicts arrived subsequently, and 1363 ticket-of-leave men were landed. The arrival of the later ships was not made the occasion of any demonstration. The convicts were landed quietly, engaged rapidly by the settlers from the outlying districts, and removed at once from the neighbourhood of Sydney. The colonists had gained their point, and it was useless to protest further

against the convicts who had already been sent from England.

In June 1850 Earl Grey's reply to the Legislative Council's address of 1st June 1849 was received. The Colonial Secretary argued that there had been no breach of faith on his part, but he declared that "no more convicts would be sent to New South Wales so long as the opinion of the colonists, as expressed by the Legislature, continued adverse to that measure"; at the same time "it had not been thought necessary to revoke the Order-in-Council, in which New South Wales was named as a place to which prisoners sentenced to transportation might be sent, till it should clearly appear that the Legislature had deliberately adopted, as its final conclusion, a determination that no more convicts ought, under any conditions, to be sent to any part of the colony. As it appears that convicts were more needed and would more willingly be received at Moreton Bay than in the other districts, for the present they will be sent thither." On 30th August 1850 the Legislative Council proceeded to take action in regard to this despatch, and it was moved that "... this Council adopted as its final conclusion that no more convicts ought, under any conditions, to be sent to any part of this colony. . . and that Her Majesty will be graciously pleased to revoke the Order-in-Council by which this colony has again been made a place to which British offenders may be transported."

The adjournment of the Council was, however, agreed upon before the motion could be put. In consequence of this partial shelving of the question an overwhelming public meeting was held, which petitioned the Council to use its utmost endeavours to prevent the revival of transportation in any form. The petition was in a short time signed by over 35,000 persons, more than two-thirds of the population of the metropolis. There was no resisting this manifestation of public feeling. The pro-transportation members temporarily withdrew from the Council, whereupon a resolution in the terms stated was carried unanimously.

Earl Grey gave way to the unmistakable demands of

the colonists, and in August 1851 the objectionable Order-in-Council was revoked ; but the Secretary of State sullenly maintained his position, and in his minute informing the Governor of the revocation he hinted very plainly at a revival of transportation later on when the districts of Port Phillip and Moreton Bay should be separated from the Mother Colony ; but, losing office a few months later, he was not able to make good his intention, and from April 1851 transportation to New South Wales and its dependencies was absolutely and finally abolished.

In 1844, as already narrated, the Governor of Van Diemen's Land had been compelled to open relief works for the employment of pass-holders, as their labour was not required by private persons ; and in order to avoid a further congestion, the attempt was made to direct the stream of convicts pouring out of the English penitentiaries to New South Wales and Port Phillip : the failure of this attempt has just been described. Having, therefore, no other resource, the English Government continued to send its convicts to Van Diemen's Land, although it was perfectly obvious there was no likelihood of their labour being required. The industrial position of the colony was then most extraordinary. In 1838, when the old system came to an end, in a population of 46,000 there were 32,000 adults, and of these 18,000 were convicts ; from that year, while the numbers of the free immigrant population were practically stationary, convicts were poured into the colony at the rate of 3000 a year. In January 1846 there were in the colony 29,951 convicts, of whom 7236 held tickets of leave, and 11,824 were pass-holders. The remainder, excepting about 3000 women, were in the gangs. Of the pass-holders 3268 were at the hiring depots, unable to obtain private employment ; it was expected that during the year 3852 male convicts would arrive at the pass-holding stage, and there seemed little probability that any large proportion would obtain employment. This failure of Van Diemen's Land to absorb the convict labour sent there forced on the

English Government a change of plans, and in May 1846 Gladstone gave his sanction to a scheme for establishing a convict colony in North Australia, within which were to be included such of the territories of New South Wales as lay to the north of the 26th degree of S. latitude; it was to be a receptacle for convicts who had regained their freedom but who were unable to find elsewhere an effective demand for their services. To these men grants of land were to be given, and it was hoped that the colony would "act as a sieve" through which convict labour would pass into New South Wales. Colonel Barney was sent from Sydney to make a preliminary survey in the neighbourhood of Port Curtis. When Gladstone was succeeded at the Colonial Office by Earl Grey, one of the first acts of the latter was to appoint Sir William Denison Governor of Van Diemen's Land, who was informed that it was not the intention of the Government to send out any more convicts for two years, and that "whether any more male convicts will ever be transported thither is a question on which, for the present, I reserve my decision." Denison's instructions were to break up the establishment at Norfolk Island, to employ the task-work system in the probation gangs, and to report very fully on the state of affairs in Van Diemen's Land, when he had had time to acquaint himself with the condition of the convicts and the attitude of the inhabitants towards transportation. The decision in regard to the cessation of transportation to Van Diemen's Land, although made almost immediately after the formation of a penal colony at Port Curtis was decided on, had in reality no connexion therewith, a few months after Grey entered on his office the idea of the penal settlement in North Australia was given up, and this resolution was communicated to Fitzroy in a despatch of 15th November 1846. In the meantime the whole question of secondary punishment had been under consideration, and it had been decided that the prison accommodation in the United Kingdom should be increased, in order that the number of offenders sentenced to transportation might

be reduced to about 2000 annually. As to this limited transportation the Home Secretary reported to Earl Grey in January 1847 in the following terms: "I think the transportation of male convicts to Van Diemen's Land, as hitherto carried on, ought to be wholly abandoned. Should your lordship concur in this opinion, I would suggest that it should be intimated to the Lieutenant-Governor of Van Diemen's Land that it is not the present intention of Her Majesty's Government to resume the transportation of male convicts to that colony." He preferred that convicts sentenced to transportation should all pass through a period of imprisonment in England in prisons on the Pentonville model, that they should be sent afterwards to employment on public works at Gibraltar or Bermuda, and that subsequently they should be given conditional pardons, available anywhere except in Great Britain, and that "facilities for emigration should be afforded them, individually instead of collectively, a portion of the earnings of each prisoner during the period of his imprisonment and employment on public works being applied towards the expenses of his emigration, or, in certain cases, towards defraying the expense of sending out his family." On 5th February 1847 Earl Grey expressed his entire concurrence with this report, and added that, while he thought the Australian colonies were very unsuitable for penal punishment, he thought they did possess "the highest advantages for the reception of criminals whom it is desirable . . . to remove, after their punishment has been completed, from the danger of being again brought into a criminal course of life." He thought the exile of such persons might be advantageous to the colonies, "especially if some measure were adopted for promoting at the same time the emigration of a considerable number of persons untainted by crime." On the same date Grey wrote to Denison informing him of the intention of the Government not to resume transportation to that colony, and he did not think it necessary to guard that statement in the way that the Home Secretary had done. The idea

of sending out convicts in a manner indistinguishable from free immigrants, as Grey at one time contemplated, had to be given up speedily, and it was never attempted. At this time it was supposed in England that the whole of New South Wales would be open to exiles, and it must be remembered that no considerable State-aided emigration thither had taken place since 1842 and none whatever for two years, and that the land revenue was unable to pay for the labour which the colonists were constantly and urgently demanding.

Sir William Denison, who reached Van Diemen's Land early in 1847, wrote a full report on that colony in July. It then contained 30,701 convicts, including ticket-of-leave holders, pass-holders, and probationers. Owing to the cessation of transportation and to the rapid emigration of ex-convicts, the position was not so bad as it had been. There were 6633 men in the probation gangs, and 14,871 pass-holders, and of the latter 10,673 were in private service; 2095 were undergoing punishment, and the number awaiting employment at the hiring depots was reduced to 2102. Denison's report dwelt on two aspects of the transportation question: the state of the convicts themselves and the economic dependence of the colony upon their labour. As to the first of these, his report was an indictment of the whole system. He regarded it as impossible to secure in an isolated and distant colony the services of a sufficient number of competent superintendents. He confessed himself sceptical of the reformatory effect of any system of punishment upon hardened offenders of the class usually sent out. He regarded the system of probation gangs as very unlikely to succeed in any case, and reported that it had not succeeded in producing either the moral or industrial effects which had been hoped for. Dr. Hampton, the newly appointed Comptroller-General of convicts, had expressed the opinion that the establishment could cope with an annual transportation of 2000 convicts on the existing system, but Denison did not agree with this view.

In treating the economic question, Denison regarded it as affecting the other Australian colonies more vitally than Van Diemen's Land itself. Emigration was taking place very rapidly; in 1846 about 5000 persons had left the island for the mainland, of which they constituted, at the time, the chief source of labour. Most of these were ex-convicts. In Van Diemen's Land itself wages were considerably lower than in New South Wales; but he thought the chief result of this was careless agriculture, and that, though employers would suffer somewhat when wages rose owing to the stoppage of transportation, they could still prosper if they exerted themselves, and that steps might be taken to minimize the ill-effects which would follow the withdrawal of the Government subsidies. So far, then, as Van Diemen's Land itself was concerned, he thought the change might be made without serious consequences; and he intimated that a considerable number of the colonists were in favour of it. But with regard to the rest of Australia, he thought that great difficulties would arise if transportation ceased, unless steps were taken to supply the Port Phillip district with 4000 or 5000 labourers yearly in some other way. He argued, therefore, that taking for granted that transportation in some form must continue, in order to relieve the United Kingdom of its criminals, the best course would be for all convicts to pass through their punishment in prisons on the separate system, and to be sent at once to Van Diemen's Land as pass-holders. In this way the evil of prisoners congregating together in probation gangs would be eliminated; the men would pass through a period of private service in Van Diemen's Land, where there was adequate machinery to deal with those who transgressed, and they would filter through to Port Phillip when they obtained their freedom. Scarcely had Denison sent off this despatch, when he received that from Grey announcing that transportation to the island would not be renewed. He therefore announced it publicly, and wrote in August to Grey: "I had forwarded to your lordship . . . sundry

suggestions as to the mode in which I considered the system of transportation, if continued, could be most advantageously worked out, both for the benefit of the Mother Country and the Australian colonies. As, however, Her Majesty's Government have decided that transportation is to cease, and that decision has been publicly made known in the colony, I do not consider that it would be possible or desirable to carry out the suggestions contained in my despatch. The feelings of a large portion of the community are so fully enlisted in the opposition which has been raised to the convict system here that any attempt now to revive the system in any form would be looked upon as a breach of faith and would cause, I have no doubt, feelings of hostility which would be very embarrassing to the Government. Under all circumstances, therefore, I think it would be desirable to carry out fully the intentions expressed in your lordship's despatch, that transportation to the colony should be discontinued, and to make every possible arrangement, financial as well as administrative, by which the colony may be enabled to meet and provide for the difficulties of various kinds, which must necessarily arise from the change of system." It was not long, however, before Denison learnt that transportation was to be continued, and that the only question was the exact status of the "exiles" who were to be sent out. He objected to granting tickets-of-leave or conditional pardons as soon as the convicts arrived, as he thought it made their position too favourable, and gave practically an incentive to crime. In September 1848, hearing that New South Wales had expressed its willingness to receive convicts under certain conditions, he wrote urging that it would be desirable to send all the convicts thither until the rate of wages had been equalized in the two colonies. For some months the people of Van Diemen's Land, relying on Denison's statement, had indulged the hope that transportation was over, but in December 1848 a convict ship containing 248 criminals arrived, and in the following year twenty ships carrying 1860 convicts anchored off Hobart, and

added their wretched freight to the population of the colony.

This was the result of events which were occurring in the United Kingdom. The almost complete stoppage of transportation caused great congestion in the prisons, and in Ireland where, owing to the famine, the prison population had increased enormously, places which offered but poor accommodation for fifty or sixty persons contained hundreds. The normal number of persons sentenced to penal servitude yearly in Ireland was 600; in 1847 and 1848 the numbers exceeded 2000. Transportation was the most obvious method of relieving the prisons, and as, under the circumstances, it had been impossible to deal with the persons transported, on any proper system of punishment, they arrived in Van Diemen's Land without having gone through any preliminary training. To meet these cases, it became necessary to revive the whole apparatus of convictism and inflict each stage of punishment in Van Diemen's Land, a course which roused the liveliest apprehension among the colonists, and, coupled with the knowledge that almost every other colony had refused successfully to receive convicts, roused them to greater exertions for the abolition of transportation. In April 1850 the *Neptune*, which had in vain attempted to disembark its freight of convicts at the Cape of Good Hope, arrived in Hobart, and its arrival was the signal for further protests against the policy of the British Government. Anti-transportation leagues had been formed in the colony, but it was always possible for Denison to point to the fact that nearly all the employers of labour did in fact employ convicts. Indeed, no other course was open to them, for the adult males of convict origin outnumbered many times the free men.

The avowed aim of the English Government was to send the convicts to the labour market of New South Wales and Port Phillip by way of Van Diemen's Land, as, in face of the actions of those colonies, they could not, after 1849, be sent thither directly. In some cases a whole shipload

of convicts received conditional pardon on arrival in Van Diemen's Land in order that they might at once go to Victoria and New South Wales. These colonies endeavoured to prevent this indirect transportation. In 1849 New South Wales passed a Vagrant Act which required, under penalty of imprisonment, the registration of the names and places of abode of all freed convicts from Van Diemen's Land and Norfolk Island. Earl Grey disallowed it, however, on the ground that it interfered with the prerogative of mercy of the Crown, and Victoria also was partially baffled in its attempt to keep out ex-convicts. It became evident to both colonies that, unless their anti-transportation policy was to be nullified completely, transportation to Van Diemen's Land must be stopped, and the period which began in 1851 saw a united effort on the part of the Eastern colonies to prevent the introduction of convicts into any of their territories.

III

IMMIGRATION

THE beginnings of assisted immigration have already been traced. In the opening years of the third period there were two separate systems running side by side, one directed by the Government of New South Wales through its agent in England, and the other worked by private labour agents over whom the Government Immigration agent had no control; this was the "Colonial Bounty" system, under which a bonus was paid for every approved immigrant landed in the colony. At the beginning of 1840 the agent of the New South Wales Government became one of the Commissioners for Land and Emigration appointed by the Colonial Office, ceasing to act specifically for the colony, and almost immediately afterwards emigration under the direct control of the Commissioners, who had become the emigration agents for the colony, was put an end to by the British Government. This step was taken in deference to the views of the colonists. The system of direct selection of emigrants by a Government agent was opposed in the colony, on the ostensible ground that it was more expensive than the bounty system, and that the number of married men with families sent out was unduly large. The real objection was that the immigrants, being of a superior type, were disposed to look for higher wages than the settlers were willing to pay, and the married man with a family was apt to seek to "better himself," whereas the settlers sought to have men who would remain with them permanently. The selected immigrants were

also looked upon with disfavour by the local officials of the Government, as they gave more trouble to place in situations. It was also objected to the assisted immigrants that, being under no obligation to take the first place offered, as the Government undertook to maintain them a reasonable time until they secured employment, they usually sought to obtain a higher wage, whereas they would have been compelled to accept almost any wage had their necessities been greater. In 1840, therefore, the Legislative Council, adopting the views of the employers, determined not to continue selected immigration, but to rely upon the bounty system for recruiting labour for the colony and, in order to make that system more efficient, the sum paid as bounty was slightly raised and the conditions under which the bounty was payable were somewhat altered.

The intention of the originators of the bounty system was that employers in the colony who required labour should procure it in the United Kingdom, either themselves or through their agents, and by that means there should be a direct relation between the demand and the supply. The earliest bounty immigrants were obtained in this way, but before the opening of the third period any direct relation between the employers and the agents had ceased, and there had grown up a regular business of recruiting by persons who, having the permission of the Government to introduce a certain number of immigrants, imported what proportion of that number they chose, and claimed the stipulated bounty for each person who, in age and occupation, came within the prescribed conditions. The immigrants were examined on their arrival in Sydney by a Board of Immigration, consisting of the local immigration officer and other selected persons, in order to ascertain if they were qualified for the bounty, and the agent bore all the risks of introducing unsuitable persons. The system was found to be cheaper than selection by Government agents in England, and the authorities were saved the trouble of having to look after the immigrants on their

arrival. The bounty system was also favoured for the strange reason, from the point of view of a new country, that the proportion of children accompanying the bounty immigrants was much smaller than in the case of selected immigrants.

At first the system worked well enough, especially as the number of immigrants for whom permits were given was small, and the agency was confined practically to one man, who took a semi-philanthropic interest in the matter. In 1839 the number of bounty immigrants was 2814, and of those brought in Government ships, 4096; in 1840 the bounty immigrants numbered 6675, and in the following year reached 20,103, which at the time was considered an enormous total. Indeed, so insistent was the demand for labour that the Governor issued permits for the introduction of immigrants to all respectable persons who applied for them, and the defects of the bounty system soon became apparent. Unscrupulous agents did not stand at trifles to induce people to emigrate, and many immigrants, when they arrived in Australia, complained that they had been promised advantages in regard to position and pay that were not to be had. There was doubtless some exaggeration in the complaints of the newcomers, but it cannot be doubted that absence of direct governmental control over immigration recruiting agents invariably leads to abuses; many quite unsuitable persons went out to Australia expecting it to be a paradise of little work, and found the only road to paradise was the narrow track of vigilant labour, which they were unable to follow. The process of disillusionment commenced very early. The emigrants were promised a comfortable passage to their new homes, but they speedily found that an emigrant ship was a place of gross discomfort: the food was poor and insufficient, the sleeping accommodation rough and overcrowded, and provision for cases of sickness almost wholly lacking. The attention of the British Government was strongly drawn to these defects by friends of immigration, and a remedy speedily applied. It was

ordered that ships carrying emigrants should be provisioned on a certain scale, that the sleeping accommodation should be sufficient, and that every ship should carry a medical officer. These important changes were carried out in 1841, and brought the system of bounty immigration, to a certain extent, within the purview of the Land and Emigration Commissioners. The recruiting agents were required to send the Commissioners a list of intending emigrants, setting out their ages and occupations, and a Government inspector was appointed to examine the accommodation and supplies of every ship carrying emigrants to Australia. On the information thus before them, the Commissioners undertook to issue a certificate as to whether the immigrant was or was not eligible for the bounty, and without a favourable certificate no agent could receive a bounty. Naturally these regulations failed in their object. The falsification of references became a regular business with some of the agents, and the persons accepted as suitable in England by the Commissioners were not those who arrived in Australia; consequently there was some dissatisfaction in the colony at the class of immigrants who were arriving, especially with those coming after 1840. But there was an even greater objection in the uncertainty of the supply of labour which the system produced. Permits had been issued to almost every applicant who asked for authority to import bounty immigrants; the owners of these permits were not bound to use them, so that it was quite impossible to estimate the supply of labour that would be coming forward, and the consequent liability of the Treasury for any given period. It was estimated in 1841 that permits were current involving a possible liability of one million sterling, a sum much beyond the resources of the colony to meet. The Secretary of State for the Colonies, when he realized what had been done, took alarm, and in November 1841 hastily stopped the recruiting of immigrants, none being sent out except those to whom a passage had already been promised. It was not until September 1843 that immigra-

tion was resumed, when, the need for agricultural labourers, shepherds, and domestic labour being very great, it was decided to accept persons of these classes as bounty immigrants. The land had, however, ceased to yield a sufficient revenue for immigration purposes, and the money required was raised by means of 6 per cent debentures. About 4500 agricultural labourers, shepherds, and domestics were introduced during 1844 and the early months of 1845, two-thirds being landed in Sydney and the others at Port Phillip. The immigrants were selected with great care by agents appointed by the Land and Emigration Commissioners in England, on the whole were considered very much superior to the immigrants of 1840-42, and, having been chosen specially on account of their willingness to accept country employment, they were speedily absorbed. Though satisfactory in quality, the number of immigrants introduced by no means satisfied the demands of the pastoralists, and in 1845 a Committee of the Legislative Council reported that 12,500 labourers and servants could readily be absorbed yearly for three years. The committee suggested that a loan should be raised in England to meet the cost of bringing out 37,500 immigrants, the land fund being pledged to provide interest and a sinking fund. Gipps did not endorse the views of the pastoralists, and recommended immigration at the rate of 4000 a year. The view of the requirements of the colony, taken up by the Committee of the Council, was justified by elaborate calculations made on the basis of a proportionate occupation of new lands, and a proportionate increase in flocks and herds to what had been experienced during the past prosperous periods. No allowance was made for the possibility of the new areas opened up proving sterile, arid, or unadapted for grazing purposes; no discount was allowed for flood or drought, or for a fall in the price of the staple. Gipps was wiser than his advisers, whose main idea was to flood the settlement with immigrants, and thereby obtain such a surplus of labour as would lower wages. To such a policy the authorities in England

were also absolutely opposed. They considered that a very real and substantial improvement in his condition should be the inducement put before an emigrant to leave his country, and that nothing less than the probability of realizing such improvement would justify them in lending their countenance and aid to any emigration schemes.

In 1845 the recruiting of immigrants ceased once more owing to lack of money, very few arrived at the expense of Government during 1845, and none in 1846 and 1847. The need for pastoral labour was keenly felt during these years, especially as the increased prices of wool made the boiling down of sheep for tallow less desirable. Some attempts were made, as they had been previously, to introduce some form of cheap non-European labour. As early as 1843 it had been suggested that coolies should be introduced from India; but though the proposal was viewed favourably by an increasing number of persons in the colony, it was not accepted by the Legislative Council, and the English authorities also refused their sanction, so that the proposal was not carried further. A few Chinese were taken to New South Wales and Port Phillip, but their departure met with opposition from the Chinese authorities, and they did not prove efficient labourers. Natives of Tanna and other islands of the South Seas, introduced about the same time and employed as shepherds, were still more unsatisfactory, and the result of the various experiments and proposals made during the period was to cause the colonists to rely only upon free European immigrants for their labour requirements.

When immigration was revived in 1848, funds were obtained in the colony by pledging the land revenues of the Sydney district to the extent of £50,000, and those of the Port Phillip district to a like amount. It was arranged that the immigrants should be divided equally between the two districts. The main body of immigrants consisted of persons selected by the Land and Emigration Commissioners in England. In order to secure their proper treatment on the voyage, one moiety of the passage money was

made payable after the immigrants had landed in Australia, and had had opportunities of making their complaints to the Immigration Board there. The immigrants were selected only from farm and stock hands, shepherds and domestic servants, and during 1848 persons belonging to these classes, who were nominated by the Commissioners, obtained a free passage. In May 1849, however, new regulations were issued : a charge of from £2 to £15 was made for persons of this description according to their age ; country mechanics of certain kinds paid from £5 to £15 ; and other labouring persons, whom the Commissioners thought suitable, paid from £7 to £15. These regulations were the result of a wide-spread feeling that the advantages offered by the colony were sufficiently great to warrant the demand from an immigrant of a portion of his passage money. This might have been overlooked in more prosperous times, but in 1848 the public finances of the colony were by no means in a flourishing condition. Nor were theorists wanting who argued that immigrants who were able to pay a portion of their expenses were likely to be superior to those whose means rendered any contribution impossible. Broadly speaking, this was a sound contention ; nevertheless the persons who were really needed in New South Wales, and for whom alone there was abundant employment, were earning in the United Kingdom a pittance from which they could not save. The Colonization Society was formed in London in 1847 to assist this class. It aimed at sending out to the colonies persons of the labouring class who did not come within the terms of the Commissioners' regulations. Such immigrants, if adults, were required to pay from £5 to £14 towards their passage, and children (if the number in a family exceeded two under seven years of age or three under fourteen years) cost £7 each. The full cost of an emigrant's passage to Australia was at the time about £14, and the balance of the money required was paid by the Colonial Government. The Colonization Society was a recruiting body, and the emigrants it secured went out in the same ships as those sent

by the Commissioners. In 1848 about 2550 "assisted" emigrants, as they were technically called, were sent to Australia under the auspices of the Society; of these 667 went to Sydney, 987 to Melbourne, and 896 to Adelaide. They were not, generally speaking, satisfactory. Though they were required to declare themselves "willing and intending to work for wages," many of them belonged to the class of clerks and shop-assistants, whose labour was almost valueless in Australia.

The Land and Emigration Commissioners also sent out young women and girls from the workhouses of the United Kingdom; the Poor Law authorities providing an outfit and £5 towards the cost of the passage, while the colony bore the rest of the expense. In the same way boys and girls from the ragged schools were sent out, the charge to the colonial funds being limited to £10 per head. These expedients for obtaining cheap labour were hailed with great enthusiasm in both Melbourne and Sydney when they were first proposed in 1848, but they did not prove successful. The pauper orphan girls were on the whole more useful than the boys. They were quite untrained, but they were capable of being formed into useful colonial servants, as they were too young to have been thoroughly contaminated by their workhouse life. In 1850, however, their immigration was stopped, as the arrival of older and experienced servants made the services of the young girls unnecessary.

Two other systems were also in vogue which provided many emigrants. Persons purchasing land before leaving England had been able since 1843 to nominate emigrants, in the proportion of about three emigrants for each £100 expended, and in 1848 this concession was extended to purchasers in the colonies. It was required, however, that such nominees should in every way conform to the regulations of the Land and Emigration Commissioners. A further scheme was also adopted in 1848, by which the Commissioners gave passages at reduced rates to persons nominated and paid for by their friends in Australia. In

these cases £8 was charged for each adult below thirty years of age, if of suitable class, and £10 for other persons. This was more expensive than the other plan, and naturally was mainly used for the purpose of nominating persons who did not, either by reason of their age or their calling, come within the prescribed rules. One other form of immigration has yet to be mentioned. From time to time the wives and families of convicts or of ex-convicts, who had been selected for the favour by the Governor, were sent to Australia at the expense of the British Treasury. The numbers thus sent to New South Wales were very small.

With the change of system there came a better recognition of the duty which the colony owed to its immigrants. Under the bounty system no attempt was made to look after the newly arrived immigrants, who were required to shift for themselves the moment they stepped ashore; in 1848, however, depots were prepared for the reception of new-comers, not only at Sydney and Melbourne, but also at Parramatta, Goulburn, Bathurst, Maitland, and Moreton Bay, these last being established for the purpose of diffusing the immigrants more readily throughout the country districts. At all the depots food and lodging were provided at the expense of the Government, and immigrants were permitted to remain until they received such offers of employment as the superintendents deemed fair.

Another form of bounty immigration was revived in favour of certain kinds of labour from Continental Europe. There had been a serious falling off in several of the leading industries, and to replace these it was thought advisable to encourage the introduction of such immigrants as were likely to develop the silk, wine, and oil industries for which the climate and soil were well adapted. In April 1847 a bounty of £36 was authorized to be paid for a married man accompanied by his wife, provided both were under fifty years of age, and £18 for each child over fourteen years accompanying its parents. As a general rule, it was intended to limit the bounty to labourers, who would be

engaged in raising various products of the soil, and bringing them into their simplest marketable shape; workers in the later stages of manufacturing were not eligible for the bounty. A small number of such foreign immigrants came out under the bonus system in 1847, and in 1848 a scheme was set on foot to establish a German colony in the Port Phillip district, following in this respect the example set by South Australia. During the autumn of 1848 three ships were despatched direct from Bremen to Port Phillip, and another party followed in June 1849. A certain number of these were eligible for the bounty, but the majority were not. Thus, of the forty families, comprising 400 persons, who left Germany in 1849, ten families were vine-dressers brought out by a colonist, but the rest were agriculturists of various classes, going out at their own expense with the intention of settling in some suitable spot near one another. An attempt was also made to establish a cotton-growing colony in the district of Moreton Bay. Dr. Lang, who selected and took out a number of emigrants from England for the purpose, set them down at a place which he called Cooksland. The scheme was unfortunate, for Lang had taken no steps to make the necessary provisions for the immigrants beforehand, and he was so careless as to fail to secure the agreement of the Land and Emigration Commissioners, who refused therefore to pay the cost of the emigrants' passage.

All these schemes of developing the possibilities of the soil were lost sight of when gold was discovered. A special interest attached to one small group of immigrants at the close of the period. In 1848 a body of lace-makers to the number of 642, whom political events had driven from France, asked for permission and help to emigrate to the English colonies. Of these people about fifty went to New South Wales and a few to South Australia, a subscription to enable them to emigrate having been raised in England.

The following table shows the number of immigrants

368 LABOUR AND INDUSTRY IN AUSTRALIA

who arrived in the colony of New South Wales (including the district of Port Phillip) from 1st January 1832 to 31st December 1850.

Year.	At public expense.	At their own expense.	Total.
1832 . .	792	1,214	2,006
1833 . .	1,253	1,432	2,685
1834 . .	484	1,080	1,564
1835 . .	545	883	1,428
1836 . .	808	913	1,721
1837 . .	2,664	813	3,477
1838 . .	6,102	1,328	7,430
1839 . .	8,416	2,133	10,549
1840 . .	6,637	1,849	8,486
1841 . .	20,103	2,380	22,483
1842 . .	6,823	2,164	8,987
1843 . .	11	1,131	1,142
1844 . .	4,139	548	4,687
1845 . .	498	598	1,096
1846 . .	..	402	402
1847 . .	..	816	816
1848 . .	7,885	1,219	9,104
1849 . .	15,773	3,567	19,340
1850 . .	6,318	2,538	8,856

In Van Diemen's Land free immigration was of comparatively little importance during the period. As early as April 1838 Franklin reported that "though the want of farm labourers was not strongly indicated, additional mechanics of good character were desirable, but the hope of inducing them to settle . . . was so slight that it would be an unprofitable expenditure of the land fund to use it to introduce them." He asked that respectable single women might be sent out, as domestic servants were greatly needed, but the English Emigration authorities would not grant his request, as experience had shown that the emigration of single women not accompanying their parents was undesirable. The difficulty in retaining free labourers in Van Diemen's Land, to which Franklin referred, was due to the wide extension of assignment; and when, in June 1840, the assignment of newly arrived convicts ceased, the labour question assumed a different aspect.

Employers in Hobart held a meeting to ask for immigrants and the Governor concurred in the necessity for them. A bounty system was therefore formulated on the lines of that in force in New South Wales, and to meet the expense a sum of £10,000 was appropriated by the Legislative Council during 1841. The persons in the colony, who interested themselves in the matter, desired that immigrants should be brought out under indentures to serve their employers for three years, but to this Lord John Russell, on behalf of the British Government, would not consent, as the experience of New South Wales in regard to indentured labour was far from satisfactory. This experiment in bounty emigration was of short duration. In 1841, 333 persons arrived from the United Kingdom, and in the following year 1829, of whom about one-half came under the bounty regulations, and one-half were selected for free passages by the Land and Emigration Commissioners. In April 1842 Franklin wrote to England warning the Government not to send out any large body of immigrants, as a considerable number of convicts, under short sentence, were on the point of arriving and would soon be entering the labour market; and he was afraid that the immigrants would find themselves "in a far less favourable position on arriving than that which they expected when they left their Mother Country." Immigration came, therefore, to an abrupt end in 1842, and it was not revived again during the period. The redundancy of convict labour in the island was in itself enough to have made the immigration of free persons inexpedient as a matter of policy; but, in addition to this, the colony was not in a position to meet the expenditure involved, owing to the decline in the land revenue and the increased expenditure for the police and the penal establishment, which had been thrown upon the local Treasury. At the close of the period the English authorities adopted the policy of taking to Van Diemen's Land the wives and families of some of the men who had been transported thither, and who had been recommended for this favour by the Governor. To

carry out this policy Parliament in 1848 voted the sum of £10,000. Taking the period as a whole, Van Diemen's Land gained nothing from free immigration; on the contrary, there was a strong tide of emigration to the colonies on the mainland.

When the Province of South Australia was established at the close of 1836 its supply of labour was arranged upon a definite plan. An undertaking was given that all the money obtained from the sale of land should be devoted ultimately, and the greater part immediately, to sending out free emigrants from the United Kingdom, who might be nominated by the land purchasers or selected by the South Australian Commissioners in England with a view to the needs of the colony. According to the original scheme, a payment of £5 was made by the immigrants for each child under the age of fifteen years, but this was subsequently reduced to £3, and ultimately a charge was made only for children between the ages of one and seven years. Adults were carried free, and great care was taken to introduce equal numbers of men and women. The South Australian Commissioners employed agents in the United Kingdom to obtain suitable immigrants, who were, on the whole, very well chosen.

Up to the end of 1837 about 1550 emigrants were thus sent out. These found employment not very easy to obtain, for, owing to the disputes between Hindmarsh, the Governor, and Colonel Light, the representative of the South Australian Land Company, very little was being done to develop the settlement. The emigrants were, however, provided for by the Government, Hindmarsh having instructed the emigration agent that he should consider himself responsible for the well-being of the immigrants, and should see that they were provided with employment as soon as possible, and that no case of destitution should be permitted to occur. With the arrival of Colonel Gawler as Governor in 1838 a new era began. Concord was established, and the greatest energy was displayed in building and improving the town and

port of Adelaide. The wretched wooden huts, in which all had been compelled to live, were replaced by properly built houses, and a large expenditure was incurred by the Government in building a house for the Governor and offices for the accommodation of its servants, and in the making of wharves and of a road connecting Adelaide with its port.

A large number of emigrants from the United Kingdom arrived in 1838 and 1839, and in the latter year the usual complaints began to be made of the quality of the new arrivals. Some were declared to be of unsuitable occupations, and more of unsteady habits, some above the age specified, and others paupers sent out by the guardians of parishes. It is fair to believe from the result of the rigid test presently applied to the people of the colony during the Grey regime that these complaints were for the most part untrue, and that the immigrants, with few exceptions, were persons who were likely to make desirable colonists. Amongst the arrivals in 1838 and 1839 men belonging to the building trades predominated. South Australia was to be unlike other Australian colonies in one important particular, as it was determined before the direct work of opening up the country should be undertaken that homes were to be provided for the settlers : hence the undue proportion of building mechanics found among the early arrivals. It was not long, however, before the mechanics were largely in excess of the requirements of the settlement, and Government works were undertaken to find employment for them. It was a fundamental principle in the minds of those responsible for the settlement, that the interests of the labourer should be as carefully watched over as those of the capitalist ; and agreeable to this, all immigrants who failed to obtain work on their arrival, or who were thrown out of work subsequently, were maintained by the Government. The accommodation given to the unemployed was not so luxurious as to be a temptation to idleness. They were lodged in wooden huts erected in Emigration Square and other parts of Adelaide. These

huts were without fireplaces, the floors of earth, and the shelter afforded very imperfect, and though afterwards improved, were never attractive even to the loafers.

During the closing months of 1838 wages were uniformly high ; men servants could obtain £45 a year with board and lodging, and female servants £18 ; mechanics earned 12s. per day and labourers 6s., but the prices of food and lodging were high even for these wages. Rates did not fall during 1839, and in December of that year masons and bricklayers earned 12s. to 14s. a day, carpenters and joiners 11s. to 14s., and sawyers 12s. to 18s. The emigration agent in Adelaide reported that able-bodied and industrious labourers seldom found any difficulty in obtaining employment at more than remunerative wages, though some of the town trades were apt to be overstocked.

Towards the middle of the year 1839 the Emigration Commissioners began to send to South Australia agricultural labourers in small numbers ; there had been little agricultural development up to that time, but there was a prospect of much more in the immediate future, and the settlers were badly in want of labour. Shepherds could obtain £1 per week and rations, and hut-keepers 15s. a week. The emigration agent ascribed to the lack of country labourers the backwardness of farming in the Province, but a more probable explanation is that at the time speculation in land at Adelaide absorbed the attention of most persons with means at their disposal, and there was slackness in other directions, even in the survey department, which should have been engaged preparing blocks for the occupation of settlers. In 1840, 3019 immigrants arrived, sent out by the Emigration Commissioners, but they came at a bad time. The imposing structure of prosperity just indicated, the high wages, and the fatherly care for the unemployed were not the result of antecedent production, but of borrowed money and wild speculation. In the same year the South Australian Commissioners ceased to exist, and thereafter the control of immigration passed into the hands of the

Land and Emigration Commissioners, who were conducting the business on behalf of New South Wales and Van Diemen's Land.

During the period of their power the South Australian Commissioners allowed a significant departure from the general policy of the other colonies in regard to immigration, which had important bearings on the industrial progress of South Australia. The authorities in England had steadily refused to countenance the introduction of non-British subjects as assisted immigrants to New South Wales, except in very special circumstances: South Australia, on the contrary, from its first colonization, encouraged the immigration of persons of German nationality. Between 1836 and 1839 about 600 German immigrants were sent out by the Commissioners, and when immigration was revived large numbers of foreign immigrants, mostly Germans, came to the colony at their own expense. In 1844 the number of these immigrants was 185; in 1845, 249; in 1846, 688; in 1847, 717; in 1848, 645; and at the close of that year about 4000 Germans were reported to be settled in the colony; in 1849, 1626 and in 1850, 1093 arrived, making a total of 6719 in all. The majority of them remained as permanent settlers, and gave to the Province a strong infusion of German blood, not found in any of the other settlements.

The abolition of the South Australian Commissioners was coincident with the bankruptcy of the colony, which was unable to meet its engagements either in Adelaide or in London. The conditions of employment and the rates of wages became very adversely affected; there was an almost complete cessation of land sales, and in these circumstances immigration was suspended from the middle of 1840 till 1845. Towards the close of that year a small number of immigrants, sent out by the Land and Emigration Commissioners, arrived in Adelaide. They were given a free passage in ships chartered by the Commissioners, and as by that time the authorities in England had had considerable experience in selecting and

despatching emigrants, their work was performed with great success. They continued to send emigrants under these conditions during the remaining years of the period. Large numbers of those assisted were agricultural labourers, country mechanics, and domestic servants, as in New South Wales; but a considerable number of miners—generally from Cornwall—were also sent, as there was a great demand for this class of labour.

In addition to the immigrants to whom an entirely free passage was given in this way towards the close of the period, other immigrants were helped to reach South Australia by the same methods as have been described for New South Wales. Thus the Colonization Society sent thither some of its “assisted” emigrants, and purchasers of land in the Province introduced a considerable number of nominated immigrants. Orphan girls from the work-houses and ragged-school children were likewise sent out at the partial expense of the colony. The course of assisted immigration from its inauguration in 1836 to 1851 is set out in the following statement :

Year.	Immigrants introduced.
1836 . . .	711
1837 . . .	853
1838 . . .	2358
1839 . . .	4078
1840 . . .	3019
1841–44 . . .	{ immigration suspended
1845 . . .	172
1846 . . .	1469
1847 . . .	3257
1848 . . .	3733
1849 . . .	7055
1850 . . .	2415
1851 . . .	3669

The arrangements for the reception of the immigrants in Adelaide were very similar to those which obtained in New South Wales. An immigration agent received them and placed them in communication with employers who needed their services. The children were dealt with

specially by a Child Apprenticeship Board formed for the purpose, and were usually bound over to responsible persons for three to five years. The girls were as a rule apprenticed as domestic servants, and a home was provided wherein they might remain till they were engaged, and to which they could return if they lost their situations, which they did very commonly, in spite of their apprenticeship.

In addition to the Government and other assisted immigrants, there was a steady stream of population flowing into the country from various sources, but chiefly from New South Wales and Van Diemen's Land, and including a not insignificant body of Germans, as has been stated. During the eight years prior to the gold developments in Victoria, the gain of South Australia from immigration over and above the persons introduced by the Government was as follows :

1844 . . .	1114	1848 . . .	3931
1845 . . .	2164	1849 . . .	9334
1846 . . .	2989	1850 . . .	7943
1847 . . .	2389	1851 . . .	4795

The people of South Australia had been determined from the first to keep their colony clear from any taint of convictism, and for this reason had refused to receive the convict boys from Pentonville and Parkhurst who were offered in 1843; and they were much concerned to find that many of the immigrants from Van Diemen's Land were persons in possession of conditional pardons, that is to say, of pardons current only in the Australian colonies. Governor Grey voiced the general sentiments of the settlers, when he represented to the English authorities that persons holding only conditional pardons would never be able to mix freely with the general population, and their presence in the colony was likely to deter capitalists and other free persons from becoming permanent settlers. He asked that the condition might be abrogated, and, in consequence of his representations, a convict's pardon was made to extend to any part of the world save the

country in which his original offence had been committed. This objection to the status rather than to the person of the convict was characteristic of the time in all the Australian colonies, though it was exhibited perhaps more strongly in South Australia than elsewhere.

Towards the close of the period there was an outward flow of population from South Australia, but it did not assume large dimensions until 1850, when with 10,358 arrivals, 2415 assisted and 7943 unassisted, there were 4221 departures, and in the following year there were 8464 arrivals and 6025 departures.

IV

LAND LEGISLATION IN NEW SOUTH WALES, VAN DIEMEN'S LAND, AND WESTERN AUSTRALIA

THE agrarian movements of this period are particularly interesting : in New South Wales there was the struggle between the squatters and the Governor, which gave victory for the time being to the former ; in South Australia the Wakefield theory had its first opportunity of being shown to the world in operation, and in Western Australia the colonists had to face the problems arising out of the alienation of land in large blocks without corresponding settlement.

Allusion has been made to the ineradicable tendency of the colonists in New South Wales to push out into the unknown regions of the north and west, in search of land better than they saw around them in the settled districts, and the efforts of the Government to check their dispersion. The policy of the Governors had been, from the beginning, to mark out a defined area for colonization and endeavour to restrict settlement to that area until it was fairly well occupied ; then in an orderly way to throw open another area and proceed to its occupation. That this policy could not be carried out, after the passage of the mountains had opened illimitable fields to the enterprise of the settlers, never seems to have been fully realized in England ; and when Lord Glenelg, who presided over the Colonial Office from 1835 to 1839, gave his attention to the land question, he thought he saw, in the low price at which land was being sold in New South Wales, an incitement to the colonists

to disperse themselves unduly, which would be checked by raising the minimum price to 12s. an acre. He therefore directed the price to be raised, and in regard to his action he directed Gipps that "if you should perceive that the extension of the population into the unsettled districts should still proceed beyond what is desirable . . . or if you should have reason to believe that large purchases are made on speculation, you will, without waiting for further instructions from me, take measures for checking the sale of land even at the price of 12s. per acre." He was to do this "by restricting the extent of land offered for sale only to lands of a quality inferior to that which is likely to be in demand for cultivation, putting a proportionately higher price on good land."

Following the instructions, Sir George Gipps at the beginning of 1839 issued a proclamation that the minimum upset price of land would henceforth be 12s. per acre, and that the price of land put up to auction would vary according to its estimated value, which would as a general rule be fixed at from 10 to 20 per cent less than the price at which similar land, in the same neighbourhood, had been last sold at public auction. The change was intended originally to take effect immediately, and include all land wherever situated, but the plea of breach of faith was raised, and so much pressure brought to bear upon the Governor, that, in the end, he consented to exclude from the operation of the proclamation all country lands previously advertised for sale at the old minimum price. This left about 300,000 acres of country land in the market at 5s. an acre, which was all disposed of at about that price in 1839 and 1840. The effect of the increased minimum price was to decrease the sales of country land after the areas procurable at 5s. an acre had been absorbed. It was declared by persons opposed to the increase in the minimum price of country lands, that the effect of the change was to encourage speculation in town lands to the detriment of genuine settlement. This was by no means true. Doubtless the speculation in town lands was increased, but it was

merely a change from one form of speculation to another, both forms being disadvantageous to rural settlement. As a matter of fact, the speculation in town lots did not arise out of the alteration in the minimum price placed on country lands; it was well in progress before the price was raised, and was in the nature of a veritable boom, affecting Melbourne and Adelaide even more than Sydney. While the boom lasted the land revenue increased enormously. Thus in 1838 the sale of 277,466 acres in New South Wales proper yielded a return of £116,334; in 1839, 234,272 acres were sold for £152,962, and in 1840, 105,900 acres for £316,626. In the Port Phillip district, where the policy was adopted of bringing land into the market only at the discretion of the Government, prices were higher still. The speculation in land was only a phase of the general speculative mania, to which detailed reference is elsewhere made. It came to an end in 1840, from the simple cause that by that time the speculators had exhausted both their means and their credit.

The development of the settlements in New South Wales had proceeded sufficiently far, in the judgment of the Colonial Secretary, to warrant its division into separate land districts for purposes of administration, and in 1840 the colony was divided into three districts: the older settled portion or Middle district, the Northern portion or Moreton Bay, and the Southern settlement or Port Phillip. In the Middle and Northern districts the old regulations as to the sale of land were continued, but the system which obtained in South Australia of sale at a fixed price of £1 per acre was applied to the Port Phillip district in respect to all lands outside Melbourne. The arrangement last mentioned was not adopted on the advice of Gipps, who strongly pleaded for its revocation, pointing to the enormous sums which the Government would have lost had it been in force during the years 1836 to 1840, and to the ease with which such a system would lend itself to exploitation by land jobbers, many of whom were already on the spot and at work. In consequence of these representations the land

at Port Phillip was once more placed under the same regulations as to sale as those governing the other parts of New South Wales, the minimum of £1 per acre, however, being retained.

Four systems of land alienation were now in force in Australia, to the manifest inconvenience of settlers; these were abolished in 1842 by an Act of the Imperial Parliament, which introduced a uniform system for the disposal of public lands in all the colonies. The main provisions of this Act were that free grants were no longer to be made; that land for sale should be surveyed and offered at public auctions, which were to be held at least once a quarter in each colony or district; that the minimum price of land was to be £1 per acre, but, subject to the consent of the Secretary of State, the minimum might be increased by the Governor, such increase to be notified by proclamation, and either raised or lowered by the Queen. Lands were to be divided into three classes, viz. : town lots, suburban lots, and country lots. The upset price of the two former was to be fixed in each case by the Governor; the upset price of country lots was to be ordinarily the minimum of £1 per acre, but a portion not exceeding one-tenth of the country land offered at any auction might be exposed at a higher upset price, if it were thought advisable, under the designation of "special country lots." The only sales of land by private treaty which the Act allowed were those of country lands which had been offered at auction but not sold, and special sales of land in blocks of 20,000 acres. The minimum price of the former class was to be not less than the upset price at which it had been exposed for sale, or at which it had been knocked down for sale (less the amount of deposit forfeited) in cases where the sale had not been completed; in the case of the latter class the minimum price was to be £1 per acre. Land was usually sold in blocks of about 640 acres, though smaller blocks were sometimes sold. The Act provided also for the occupation of waste lands, and contained the ordinary and necessary provisions for the protection of the rights of the

Crown. The revenue derived from sales after the cost of surveys had been deducted was to be apportioned, one-half to immigration from the United Kingdom, and one-half to various specific purposes, including the care of the aborigines and the construction of public works. The Act was largely the outcome of the deliberations of the Select Committee on the Disposal of Lands in the British colonies, and before this body Gibbon Wakefield gave important evidence. The general idea of codifying the colonial land regulations and making them the subject of an Act of the Imperial Parliament was his, but in continuing the auction system the framers of the Act disregarded Wakefield's advice, adopting that of the colonial officials who had practical experience in dealing with public lands.

This Act was viewed with great disfavour in New South Wales. The sales of Government land, which had begun to decline after the year 1840, fell away to less than 7000 acres in 1842 and in several of the following years, and it was claimed that this decline was due partly to the increase in the minimum price, and partly to the conditions imposed by the Act of 1842, which were impeding settlement. But there can be no doubt that this decline was not primarily due to either of these causes, for there was no market for land in private hands even at much lower prices. The mercantile houses in Sydney were suffering from the effects of the financial debauch of 1839 and the following year, and far from the progress of the colony being impeded, the productive industries were in a flourishing state.

The Legislative Council appointed select committees in 1843 and 1847 to consider the land question, and these committees expressed their opinion very strongly in regard to the unwisdom of the increased minimum upset price. The Council, however, was not in any sense a representative body; it voiced the interests of the land- and stock-owners, and Gipps more clearly understood what was required in the best interests of future settlement. The Council advanced the plausible argument that grazing land bought

at £1 per acre never could yield a profit in a country where three or four acres were required for the maintenance of one sheep. This was quite true, but it was an argument which deceived nobody, for no pastoralist was under the necessity to buy land for grazing purposes, as the squatting system gave him ample scope to obtain all the land he needed. This system, which had made its appearance as soon as sales had superseded land grants, had developed enormously in spite of the desire of the Government to keep it in check. The feverish land speculations commencing in 1835 had to a certain extent obscured its importance so far as the general public were concerned, but it had attracted Gipps's attention immediately on his arrival, and during the later years of his government he was engaged in a struggle with the squatters, to maintain the public interests against their aggression.

The total area of land sold in New South Wales during the five years following 1841 amounted to 20,250 acres ; in the Port Phillip district to 9302 acres, and in the Moreton Bay district to 1118 acres ; that is, 30,670 acres in all, or an average of 6134 acres a year ; during the same period the number of horses, sheep, and cattle was increased twofold. Assuming the annual increase of live stock to have been equal to about two million sheep a year, it is manifest that no system of sales would have served for its accommodation, even supposing a moiety of the additional stock could have been provided for in existing holdings. The measures therefore designed by the English authorities to prevent the wide dispersion of the colonists produced, in fact, the very opposite effect. The high price of land, and the necessity of an applicant having to wait for a survey and take the chance of the auction room, led to the very rapid increase of squatting beyond the limits of location. At the end of 1839, 4380 persons were living beyond the boundaries, and they had between them about 1,329,000 sheep and 377,000 head of large stock, equivalent to about one-third of the whole live stock of the colony. It is obvious that, much as the authorities would have

liked to prohibit the occupation of land beyond the "boundaries of location," they were now powerless to do so. They therefore attempted to regulate what they could not prohibit.

Early in 1839 an Act was passed by the local legislature to amend the regulations in force as to the use of the waste lands of the Crown. A distinction was still preserved between lands within and lands without the boundaries of location. As regards the former, the issue of licences was to cease, and waste lands were to be let to applicants on yearly leases at a rental of £1 per square mile, and it was made lawful to impound cattle found trespassing on Crown lands for which a lease had not been granted, thus restoring to the Crown a right of which it had been by custom deprived. In 1840, when the price of land was, owing to speculation, at its height, the rent of waste land within the boundaries was increased to £5 per square mile. This proved too high, and much land was thrown out of occupation. Fresh regulations were made in 1844, under which a lease could be obtained for such land at not less than 10s. per square mile. Such a lease gave no right of compensation for improvements, and one month's notice only was required in case of sale. Holders of purchased land were also allowed to depasture their stock free of charge on any vacant Crown lands contiguous to their properties. A right of common only was given, and the Government could sell or lease such land at any time.

The regulation of lands occupied beyond the boundaries of location presented a much more difficult problem. Various districts were set up, for each of which a Commissioner was appointed. Licences for depasturing cattle were granted, as in the previous period, for £10 per annum, but each licensee was required to make to the Commissioners, twice yearly, a return of the number of beasts depastured by him; upon these half-yearly returns an assessment was levied of $\frac{1}{2}$ d. per sheep, 1d. per head of cattle, and 3d. per horse. The money raised by this assessment was to be devoted to the maintenance of a

border police, a body greatly needed in dealing with the convict servants, the bushrangers, and the aborigines.

The Act was originally passed for two years only, but in 1841 it was continued for a further period of five years, and Gipps determined to make use of the interval to bring about a permanent and equitable solution of the squatting question. In 1840 he had pointed out to the Colonial Office the importance of the problem, and the necessity of securing the public interests in the Crown lands, before other interests had grown up incompatible with them. Gipps was in a peculiarly difficult position. He had of course no knowledge of the agrarian position in Australia before he took up his duties as Governor, and when he arrived he was surrounded by advisers who were either squatters themselves, or were particularly interested in maintaining the views of squatters. Gipps was not blind to the fact that the occupation of the land outside the boundaries of location, had received a great impetus from the action of the Government in increasing the minimum price of land from 5s. to 12s. per acre. It required a very large outlay to buy enough land at 12s. per acre to graze large flocks of sheep, and though some purchases of country land for grazing purposes were made during the years 1839 and 1840, they ceased altogether after the inflation of those years had passed away. At the rate of interest current at the time, a capital expenditure of 12s. per acre would require a return of 1s. per annum, and as it was estimated that 3 acres of new land were required to maintain one sheep, the burden imposed by the purchase of land was equivalent to 3s. per sheep, which, in the depressed condition of trade after 1840, it was impossible for the industry to bear. The natural course for newly arrived settlers, who desired to become flock-masters, was therefore to go beyond the boundaries and endeavour to obtain land without the initial outlay of purchase; and the distressing events of the years 1841-1843 had brought about the bankruptcy of so many persons, who were formerly the holders of extensive possessions, that those among them

who were able to submit to the hardships of pioneering, were also disposed to betake themselves beyond the boundaries, with the hope of retrieving their fortunes. Almost all classes of pastoralists had therefore become interested in squatting.

At the end of 1844 the population beyond the boundaries of location was about 10,000, and the cattle depastured numbered 573,114 and the sheep 3,023,408, that is to say, more than half the whole live stock of the colony. Such a condition of occupation could not remain unregulated. This was admitted by the squatters, who urged that the obvious solution of the situation was to grant them a definite and secure tenure of the lands they occupied. There were, however, other interests to be considered than those of the squatters, as will presently appear.

When the system of sale by auction was replaced in the Port Phillip district in 1841 by sales at a uniform price, the squatters were placed in a very precarious position. Even in that newly developed district squatting had attained considerable dimensions. Under the auction system the squatter could compete in the saleroom with any rival for the land upon which he was established; but under the new system, whenever a portion of his holding, even a vital part, was declared open to selection, he was at the mercy of any person who lived nearer the land office, or held a land order of prior date to his own. Amongst these latter were persons who had obtained land orders in England, and whose priority, for purposes of selection, ranked from the date of the payments made by them in London. Latrobe, to meet the difficulty, recommended that a right of pre-emption should be given to all squatters who, up to the date when the new system was introduced, had established a claim to it by their improvements, confining this right, however, to the section upon which the homestead or principal improvement might be situated. That these improvements were important may be gathered from the fact that on stations of the first class, of which there were many, Latrobe estimated the ordinary value

of buildings, fencing, and improvements at £1000, and on those of the second class at £300 or £400.

The uniform price was so short-lived in Port Phillip that the great hardships it might have caused were not, in fact, produced, but even when the old system was reverted to, great difficulties remained. To the right of pre-emption Gipps was strongly opposed. The squatters, he said, had always been given to understand that the improvement of land, occupied under licence, would be made at their own risk; and the enhanced price of improved lands had been regarded always as "a certain, though remote advantage, accruing to the Crown in return for the easy terms on which the occupation of them is allowed." From this position, justified as it was by every legal enactment on the subject, the force of public opinion, as will be seen presently, compelled him gradually to recede. He yielded, however, with great reluctance, as he felt that his giving way weakened him in dealing with other abuses of the squatting system. One of these was the immense size of the runs occupied by many of the squatters. In 1844 the fifty-six largest squatters (four in each of the fourteen districts for which there were returns) occupied 7,750,640 acres, for which they each paid one £10 licence fee. Upon these lands they depastured stock, large and small, equivalent to 1,216,659 sheep. At the same date the fifty-six smallest squatters, while paying the same sum in licence fees, occupied only 433,460 acres, and depastured 68,003 sheep. Such a system was obviously indefensible. The large squatters overran immense tracts of country, eagerly incorporating in their runs the best pastures and water-supplies, and made it difficult for small squatters to settle upon the land; the tendency was, in fact, for the latter to be crushed out. It was alleged, and probably truly, that the class of small squatters had been associated with cattle-stealing and other like practices, but it was nevertheless impossible to permit the large flockmasters to monopolize the lands without the boundaries, to the detriment of general settlement. Another growing

abuse was absenteeism, which was becoming very common, and, in the then condition of the colony, more than ordinarily objectionable. Many persons held squatting licences who did not live on the squattage, but carried on some occupation elsewhere, the run being left in the care of an overseer. This had a very bad effect on the conduct of the men employed on the runs, who were often convicts or ex-convicts, and in particular it frequently led to difficulties with the blacks. The Governor could do little to remedy this state of things, as public opinion, certainly all influential opinion, was against him. He found this in 1842, when he was subjected to great abuse because he refused a licence to a squatter whose servant had been guilty of misconduct. There was a great uproar, the squatters as a whole regarding his action as utterly unjustifiable. Another matter on which Gipps felt strongly was the business in which many were engaged of selecting runs and taking out licences for squatting, and as soon as occupation had been established, of transferring the squattage to another person. This was a growing abuse. The squattage was not ostensibly sold; the sales were usually of the sheep upon the squattage, the run of course being included in the price of the sheep. In cases that came under Gipps's notice the price really paid for runs taken up in this way varied from £100 to £500, and in some instances as much as £1000 was paid. The new owners naturally cried out against disturbance as a breach of faith, and Gipps saw growing up under his eyes vested interests which would be hard to combat later on.

The licences given to squatters explicitly declared that the land occupied was to be devoted to pastoral purposes only, yet it frequently happened that large squatters rented to unlicensed persons small portions of their land for agricultural purposes. It was also intended that the permissive occupancy of land should be for the sole benefit and use of the licensee; this restriction was frequently ignored, and a system known as "taking in sheep and cattle on thirds" had grown up, which amounted practically

to sub-letting. In these cases the squatter allowed other flocks to feed on his lands on condition that he received one-third of the increase—wool, hides, and lambs being included. All these illegal acts tended to produce in the community a disposition to regard the runs of the squatters as their actual property, which they had the right to treat as they pleased; their rights as against other persons gradually raising in the minds of all a presumption of their rights against the Crown itself, and it was clear to Gipps that unless steps were taken to delimit and curtail the assumed rights of the squatters, the land they occupied would be lost to the community.

The Imperial Land Act of 1842 did not make any specific alterations in the regulations for squatting, but it gave to the Governor the power to let land for pastoral purposes on a yearly tenancy, and by so doing, vested him, in Gipps's opinion, with power to determine the conditions under which occupation should be permitted. In a speech to the Legislative Council in September 1842 Gipps outlined his views. He stated that an opportunity might be afforded to the squatters of purchasing as a homestead some moderate portion of the lands they occupied, without forcing them to buy, at the high minimum price demanded, such a quantity as their means would not enable them to pay for, but any such purchase must, he insisted, be made at auction and for ready money. On the other hand, each station must be separately licensed, and the quantity* of land held under a single licence must not exceed what was required for a given number of sheep or oxen. The practice of forming stations merely in order to sell them must be given up. In 1843 Gipps issued to the Commissioners of Crown Waste Lands a series of questions as to the way in which these objects might be attained. Acting upon information thus obtained, Gipps drew up a set of regulations which he published on 2nd April 1844, with the proviso that they should not come into force, except as to the necessity for one licence for each run, until June 1845, by which date the Home authorities

would have had time to express their opinion on the matter.

The regulations provided that separate licences should be taken out for each run ; that no run should exceed 20 square miles in area except in cases where such an area would not feed 4000 sheep or a proportionate number of other stock ; and that a run upon which more sheep than 4000 were depastured should pay an extra licence fee at the rate of £1 for every additional 1000 sheep. These regulations called the squatters into active defence of what they claimed to be their rights, and on 9th April 1844 a public meeting of protest was held at Sydney. Of the inherent justice of the regulations themselves the squatters said comparatively little, though one declared openly that he regarded himself as possessing a right to the freehold of his squattage, and several complained of the injustice of requiring them to take out a number of licences. In order to enlist public sympathy with their agitation, however, they fixed upon the fact that Gipps had promulgated the regulations on the advice of the Executive Council only, without consulting the Legislature, and, artfully representing the licence fee as a tax and not a rent, they called upon the colonists to defend themselves against the arbitrary imposition of taxation. In this way they obtained a large measure of support from persons who were not squatters. A Pastoral Association was formed with the object of obtaining fixed tenure and pre-emptive rights, and of promoting the interests of the squatters both in the colony and in England.

When Gipps forwarded his proposed regulations to the Secretary of State, he submitted also a scheme by which the squatters might purchase portions of their runs, and in May 1844 he published his proposals in the colony. He suggested that a squatter who had held a run by licence for five years might require any portion of it, not less than 320 acres, to be exposed for sale ; that the upset price of this portion should be the minimum price of the land at £1 per acre, together with the estimated value of the

improvements made upon it, and that if any person other than the licensee were the purchaser at the sale, the value of the improvements should be paid to the licensee by the Government; if the licensee were the purchaser that portion of the price was to be remitted. The purchase of such an area was to bestow upon the licensee the right to the renewal of his licence for eight years, and, at the end of that time, a further right of renewal could be obtained in a similar way unless the land was required for public purposes. The right to renewal was to rest upon the good faith of the Government only, as nothing in the nature of a lease would be given. Gipps feared to give leases or to substitute rents for licence fees, as he had already experienced the difficulty in collecting rents, and he declared that a lease for twenty-one years would, in New South Wales, be equivalent to a lease for ever.

The effect of publishing these suggested rules was to alienate from the squatters a considerable body of independent and moderate opinion, but the squatters themselves were unreconciled. They were able to obtain a good deal of support in England as to pre-emption, and in 1845 Gipps, in recognition of the strong feeling both in England and in the colony on that point, in a certain measure withdrew his opposition. In a despatch, which he made public, he stated that he could not but feel that pre-emption would be conceded, and he was prepared to acquiesce in it, so far as concerned the land on which the homestead and principal improvements were situated; for though he regarded it as likely to intensify the "species of gambling in land, which is always more or less actively going on," he admitted that it would be much more simple in operation to grant the squatter the right to purchase his homestead than to expose him to the risk of an auction, even though the value of his improvements were conceded to him. This concession, though it did not satisfy the squatters, was regarded by them as a great improvement, especially as the regulations were modified in other directions in their interest. Amongst other concessions the

area of a run was extended to 25 square miles, and the additional payment for sheep above 4000 was demanded only for complete thousands, but the squatters did not relax their campaign for further concessions. They asked for a reduction in the period of five years' initial occupation required before a person would become entitled to exercise the right of purchase and claim a lease; for an extension of their leases beyond eight years—the majority claiming twenty-one years as a reasonable term—and further, that the right of pre-emption should be extended to every portion of their runs. The squatters set out their views in a petition to the Colonial Secretary in January 1846; they claimed that "squatting runs, however they may have been viewed by the Government at home, have been for some years considered in this country as a species of quasi-property, have been held as such by Courts of Law, and have passed from hand to hand by sales, which, if not sanctioned by the authorities, have been at least connived at."

While these discussions were going on in Australia the question of the disposal of the Crown lands was receiving special attention from the authorities in England.

During the year 1844 Lord Stanley and Hope, the Secretary and Under-Secretary of State for the Colonies, were engaged upon a "Waste Lands Occupation Act" for Australia, and in framing its provisions they naturally followed the advice of Gipps. The draft was submitted to the Land and Emigration Commissioners in England, who settled its final form; it was then sent on to Gipps, who returned it with cordial expressions of agreement and admiration at the knowledge and judgment displayed in its preparation. The Bill was introduced into the House of Commons by Hope in 1845, and its principal provisions were the leasing of waste lands for pastoral purposes for periods not exceeding seven years, such leases to be let by public auction, and the leasing without competition of homesteads, not exceeding 320 acres in area, to persons who had already occupied them for five years, the rent of such

leases to be fixed by the Governor. In October 1845, and before much progress was made with this Bill, a Blue book was published containing Gipps's regulations of 1844, and on 3rd November the London *Times* made the regulations the text of a long leading article upon Lord Stanley's administration at the Colonial Office. In this article it was claimed that the squatters of Australia were a totally different class from the squatters of America, and that, in fact, they formed the most respectable class of the Australian colonists. It spoke of their tenure in the following terms: "Can we wonder that those who have been occupying them (the runs) for years and paying an acknowledgment for them to the Government, should be struck with dismay and indignation at finding that their property was to be denied and taken from them, without even the certainty of a first refusal to purchase. We use the word property in a moral sense, not a legal one." . . . And it continued: "We find here the best settlers of New South Wales added to the list of malcontents. Mismanagement having depressed the colony, his lordship sanctions a plan for raising the wind, at the expense of a body of men of enterprise, who have bought and sold, dealt and invested, on the faith of the Government which now turns upon them on a point of strict right."

The Government determined not to proceed further with Hope's Bill, and at the end of December 1845 Lord Stanley retired from the Colonial Office, being succeeded by Gladstone. When Lord Stanley's retirement became known in the colony it was greeted with the greatest enthusiasm by the squatters, and on 12th June 1846 Windeyer brought forward in the Council a motion for an address of thanks to the Queen for the "change she had been graciously pleased to make in the head of the Colonial Department of her Government." The motion in the form moved by Windeyer was not carried, but it served the purpose of the mover by allowing certain members of the Council to shower abuse on Lord Stanley. The decision of the Government not to proceed with Hope's Bill was

very inconvenient to Gipps, who was obliged to request a continuance by the Legislative Council of the regulations then in force and about to expire. The Council refused its consent to the Bill which was introduced by the Colonial Secretary for this purpose. The assessment laid on the squatters could not therefore be collected, and the police, for whose maintenance the assessment was levied, were withdrawn from the squatting districts.

During the short period Gipps remained in office he was on the worst terms with his Legislative Council, which, at the time, was controlled by the squatting interest. Fitzroy commented on this state of affairs soon after his arrival, in a despatch in which he virtually asked the Home Government to put an end to this state of war. Meantime the Conservative Government having resigned, Lord John Russell formed a Ministry in which Earl Grey became Chief Secretary for the Colonies. No time was lost by the new Government in dealing with the land question in Australia, and before the close of 1846 "The Waste Lands Occupation Act" was passed. This Act differed from the proposals of the previous Government in the most important particulars. It permitted leases to be granted in the unsettled districts for fourteen years; it gave a right of lease to the squatter in possession, with a preemptive right to purchase the land during the lease, and a right of renewal at the end of the period of lease, unless the land were sold. These provisions were not submitted to the authorities in New South Wales, and were in direct opposition to the views not only of Gipps, but of the Land and Emigration Commissioners in England. There seems no doubt that Earl Grey made these concessions to the squatters with the intention of dealing liberally with the interests involved, in the spirit indicated by the *Times*, and it does not appear to have occurred to him that the interests of the squatters were opposed to the interests of the other colonists. He put great faith in the representations made to him by certain gentlemen representing the squatters, who had come from Australia as a deputation to

the Colonial Office. These representatives made their views widely known in England, and their contentions received powerful support from the fact that they coincided with the opinions of the Legislative Council of New South Wales, and, as it seemed in England, of the representatives of the people.

The Orders-in-Council required to bring the Act into operation were passed in March 1847, and they conceded practically every point for which the squatters had been contending. By these orders the land in New South Wales was divided into three regions known as the settled, intermediate, and unsettled districts: The first comprised the original nineteen counties, with the county of Macquarie adjoining, and the new county of Stanley in which Brisbane was situated; also all land within certain prescribed distances of various towns; all lands within three miles of the sea, and lands within two miles of either bank of the Glenelg, Clarence, and Richmond Rivers along certain portions of their course. The intermediate districts consisted of the counties of Bourke, Grant, Normanby, and Auckland, so far as these were not included in the settled districts, and thirty-one other counties newly formed, their outer boundaries roughly following the coast in a broad sweep from Brisbane to Portland Bay. The rest of the country with undefined boundaries to the west and north was included in the unsettled districts.

In the unsettled districts leases of runs might be granted for a term not exceeding fourteen years. The rent of the run was to be proportioned to the number of sheep which it was estimated to be able to carry on the basis of £10 per 4000 sheep and £2 : 10s. for each additional thousand, but no rent was to be less than £10. The valuation was to be made by three persons: one representing the Crown, one the lessee, and the third chosen by the other two. During the term of the lease none of the land comprising the run could be sold, except to the lessee, to whom the Governor might sell any portion of not less than 160 acres at the minimum price of £1 per acre. At the conclusion of a lease a run was to be let by public tender, or the

Government might sell the land, but in that case the lessee had the right to purchase it for its fair value in an unimproved state, or if another were the purchaser, to receive the value of his improvements. During the first six months after the regulations came into force the right was given to all squatters who had then held their runs for one year, to demand a lease on the terms mentioned. Other squatters could demand a lease, during the first six months, after they had been in occupation of their runs for a year.

In the intermediate districts the leases were to be granted for a term not exceeding eight years, and at the end of any year the Governor might, after previous notice of sixty days, offer for sale any portion of the run, subject to the right of the lessee to purchase or to receive the value of improvements effected by him. Within the settled districts the conditions previously in force remained good, the waste land being let on yearly leases, or, when unlet, common of pasturage being allowed without charge to adjoining land-holders. It was permissible for the Governor to reserve lands required for public purposes from the operation of the Act, and in this way considerable reserves were made in the New South Wales district, as sites for future townships and for other purposes.

Owing to the short period the Port Phillip district had been open to settlement, most of its area had been comprised in the unsettled districts, but Latrobe, being much impressed with the necessity of making provision for the growth of population, made a large number of reserves, comprising fairly large areas. His action was naturally unpopular, but it received the support of the Government, and in this way a good deal of land was kept from coming under the pre-emption clauses.

It will be observed that the regulations in regard to leases specified terms "not exceeding" fourteen or eight years as the case might be, and were not mandatory but permissive, and a shorter term than the maximum might have been fixed by the Government, if it had been so

disposed. This natural construction of the regulations did not commend itself to those charged with the administration of the law in the colony, and all leases were granted for the full term, much to the advantage of the squatters.

Before the regulations under the Act of 1846 were received in New South Wales, their probable tenor was known; and as the attitude of the general public towards the demands of the squatters had by that time undergone a considerable change, they were received with disfavour by most persons not attached to the squatting interests. Robert Lowe, afterwards Lord Sherbrooke, took a leading part in an agitation against the concession of the pre-emptive rights to the squatters, and in July 1847 he procured the appointment of a Select Committee of the Legislative Council to inquire into the minimum price of land. This committee, of which Lowe was chairman, reported very strongly against the regulations; but the protest came too late, and the new regulations were proclaimed in Sydney in November 1847, and came into force in January 1849.

Grey fully expected his Bill to meet with general approval in the colony, and it had been suggested that the granting of large concessions to the squatters would enable them to receive convicts as servants, thus relieving the Home Government of the great difficulty it was experiencing in disposing of its prison population. At the same time it is also abundantly clear that Grey and his advisers in England did not contemplate such an administration of the Act as was given to it in New South Wales. Before the Bill had passed in England, and again before it came into operation in the colony, the English authorities who were responsible for it expounded its provisions in a very different manner from the colonial authorities. In moving the second reading of the Bill in August 1846 Grey said: "The Bill would enable the Government to grant leases for less periods than fourteen years. Practically the period would probably be much less; but it was thought best to take a sufficient power at once, to avoid the necessity of troubling Parliament a second time. The late Governor

of the colony recommended eight years, and that would probably be the average length of lease." In spite therefore of an unguarded expression in a despatch to the colony, it is plain that Grey did not intend to bestow upon the squatters the right to a fourteen years' lease. Again, in 1848, after a Committee of the Legislative Council of New South Wales (under the chairmanship of Robert Lowe) had expressed an unfavourable view of the Orders-in-Council, the Land and Emigration Commissioners in commenting on their report said: "The Committee have omitted to notice that a limit can be put at any time to the squatter's occupation of his lands, by including them within the settled districts—a proceeding which is expressly contemplated and provided for by the Orders-in-Council." Had such a view as this been adopted in the colony Latrobe would have been relieved of all difficulty in the gold districts, but this interpretation never was accepted in Victoria. It was, of course, the method which was followed in South Australia. There is also evidence that Grey and the Commissioners never intended that the pre-emptive right should apply to the whole of the squatter's leasehold.

The advantageous terms granted by the administration naturally gave a great impetus to squatting, and two years after the regulations came into force the returns show that in the Sydney district 2,137,267 sheep were pastured in the settled districts, and 4,889,274 in the districts beyond, while in the Port Phillip district the disproportion was still greater; within the settled districts there were 766,442 sheep, while beyond their limits 5,266,341 sheep were depastured.

The Land Act of 1842 put an end to free land-grants, which had continued to be made to a small extent after 1831. Quit-rents had been reserved upon these grants, but they were very rarely paid, and arrears of rent had accumulated to such an extent that in many cases the lands were not worth the quit-rent due upon them. The early Governors had almost entirely neglected the rights of the Crown to these rents; Sir G. Gipps was the first

Governor who made a sustained effort to collect them, and during his term of office a considerable revenue was obtained from this source. His action in enforcing them was very unpopular, and in 1846 the grantees were able to prevail upon Gipps's successor, Sir Charles Fitzroy, to issue a proclamation allowing quit-rents to be extinguished by the payment of ten years' purchase. Even this great concession did not satisfy the grantees, who, in 1847, petitioned the Colonial Secretary that the reduction to ten years should be coupled also with the reduction of the annual quit-rents to a low uniform rate as in Van Diemen's Land. Their petition was, however, rejected, and the Governor himself was censured for departing from the rule laid down by Gipps that the obligations of the land-owners to the Crown should be respected; but the proclamation of Fitzroy was not revoked.

The question of mineral rights was raised in New South Wales about the year 1838. The grants of land previously made had neither reserved the right to minerals to the Crown, nor bestowed them explicitly upon the grantee. The only restriction upon mining that had been made up to that time was the grant of a monopoly of mining for coal, bestowed upon the Australian Agricultural Company for a term of 31 years. The explicit grant of minerals to purchasers of land in South Australia brought the omission under attention, and in 1840 the Secretary for the Colonies ordered that grants in New South Wales, like those made in South Australia, should convey a grant of minerals. He founded his decision upon "the small amount of profit derived from mines throughout the great extent of the British Colonial Empire," truly an excellent piece of official reasoning. Even at that date the mineral wealth of New South Wales was not unsuspected, the Land Act of 1842 conferred upon the Governor the power to issue licences to search for minerals in Crown lands, and the development of mining in South Australia gave great encouragement to the idea that in other parts of the continent valuable mineral deposits might also be discovered.

Fitzroy wrote several reports urging upon the attention of the British Government the many indications of the presence of valuable mineral deposits in the colony, and in 1849 he requested the Colonial Office to send out a competent geologist to survey the country. His representations so far prevailed that a geologist was appointed, but before he reached the colony the discovery of gold had been made.

Settlement was in a very backward condition in Western Australia at the close of the previous period, scarcely more than 2100 acres being cultivated in any form. Tillage was undertaken only by those settlers whose own families could provide the necessary labour, hired assistance being almost unprocurable; while the wealthier settlers turned their attention to sheep-farming, which yielded good returns. In 1838 an attempt was made to stimulate settlement by the formation of a Western Australian Land Company on the lines of the South Australian Land Company. This Company offered to sell land in small blocks of 100 acres at the price of £1 per acre; but naturally it was unsuccessful, as better land could be obtained far more cheaply from the recipients of the early grants, and the Company ceased operations. The Imperial Land Sales Act, which came into force at the beginning of 1843, was made applicable to Western Australia, but it was practically inoperative. Land settlement remained in a condition of stagnation for several years, and in 1850 it was thought that occupation might be stimulated by the introduction of the leasing system. The territory of the colony was therefore divided into two portions: that which included the more settled and accessible portions of the country being denominated Class A, and the rest of the colony Class B. Leases for pastoral occupation or for tillage might be granted in either class. Within the area embraced in Class A the Government could grant pastoral leases for a term not exceeding one year, and within Class B for eight years, at an annual rent of not less than £5, together with 10s. per 1000 acres. A lease for eight

years did not give a right to undisturbed occupation, as any portion of the land included in the leased area might be sold by auction at the end of any year, subject to the right of pre-emption by the lessee, and to the obligation of compensating him for any improvements he had effected ; as an offset to this, however, the Government might sell to the lessee any portion of the land occupied by him at its improved value. The Governor was empowered to grant leases, without competition, to persons in occupation when the Act came into force, and to persons who applied for leases of lands hitherto unoccupied ; in all other cases leases were to be offered at auction, the competition, if any, turning not on the amount of rent, but on the premium to be paid.

Tillage leases might be granted in any district for terms of eight years, but the areas so leased were not to exceed 320 acres. The leases were to be disposed of by public auction, and the minimum rent for any plot was not to be less than £10 or than 2s. per acre. Neither pastoral nor tillage leases gave to their holders a right of renewal, but a right to renewal, for another term of eight years only, might be given in the case of tillage leases and of pastoral leases of lands in Class B. All improvements were to be effected by the occupier at his own risk, no compensation being given for them, except when the lease was resumed by the Crown prior to its expiration. Considerable advantage was taken of the provisions in regard to pastoral leases, but the rental of 2s. an acre for tillage leases was almost prohibitive, as the freehold of land of very fair quality could be obtained at 5s. per acre.

Owing to the small extent of its territory there was not that great distinction between the settled and unsettled districts of Van Diemen's Land which existed in the other colonies. The methods of farming generally pursued were also different. Both in New South Wales and in the Port Phillip district agriculture and stock breeding were distinct occupations, whereas in Van Diemen's Land most of the

farmers pursued mixed agricultural and pastoral farming. It was usual for landowners to depasture their stock upon adjacent Crown lands, without making any payment for that privilege. As pointed out in the account of the second period, owing to the desire of the grantees to escape the payment of quit-rents, deeds had not been obtained for much of the land which had been granted, and it was therefore difficult to distinguish between land occupied legally and illegally. There were no surveys worthy of the name, and most of the landowners fixed their own boundaries, which usually encroached considerably on Crown lands. The attempt to collect quit-rents, which had been pursued with some vigour under Arthur, grew slacker under his successors, perhaps because the more difficult cases were left for them to deal with. Under Eardley-Wilmot the attempt to collect the whole of the quit-rents was abandoned; all rents due prior to 1844 were remitted, and a uniform rate of 2d. per acre was fixed for rents from that year onwards, a small fine being also payable when the deeds were demanded. Although Eardley-Wilmot's regulations amounted to a great concession, they were not accepted, and, finally, Denison in 1847 reduced the quit-rents to the nominal sum of 2s. per 100 acres, fixed the price of redemption at ten years' purchase, and cancelled all arrears at the date of his proclamation.

The principle of selling Crown land at a minimum price of 5s. per acre had been introduced in 1831; but the area purchased was inconsiderable until 1839, when the high prices obtained for grain, owing to the drought on the mainland, gave an impetus to cultivation, and the area of land sold increased from 19,970 acres in 1838 to 42,451 acres in 1839, and 88,788 acres in 1840. There were also considerable sales in the three following years. In 1839 the Governor was instructed to raise the minimum price to 12s. per acre, but, as Franklin regarded himself as pledged to sell all land previously advertised at the old minimum, the higher price was not made operative until 1840. In

1843 the Imperial Land Sales Act came into force and the price in Van Diemen's Land was raised to £1 per acre ; but the land boom had by this time almost expended itself, and very little land was sold during the remainder of the period.

The Act of 1842 was ill suited to the conditions of a penal colony, as it regulated too narrowly the methods by which land could be alienated or occupied, and on representations being made to the English Government a special Act was passed in 1845 for Van Diemen's Land, by which greater freedom was allowed to the Governor in disposing of land ; and in order to find profitable employment for the convict gangs he was allowed to employ them clearing and improving the waste lands to make them ready for occupation. He was also authorized to let land in small holdings for other than pastoral purposes. These various devices proved without avail, and the area disposed of in 1849 fell to 1770 acres, and to 2278 acres in 1850.

The permissive occupancy of waste lands which had been granted during the previous period did not lead to much land being taken up ; the system was given a fair trial by the pastoralists, but after a few years it was abandoned. The rent of 20s. per 100 acres was not considered excessive, but the uncertainty of the tenure prevented any extensive areas being occupied ; in 1833 the whole area under lease did not exceed 6000 acres, and in 1842 it was not more than 39,000 acres. This apathy was more apparent than real as the number of stock depastured was yearly increasing, and stock-owners contrived to graze their flocks over Crown lands without the formality of obtaining a licence or of paying rent.

In 1843 the Crown lands were leased by tender and the rents were made payable in advance. The security of tenure was little better than under the previous system, but the areas leased were more properly defined, with the result that in 1844 over 200,000 acres were occupied under lease. In 1847 new regulations were issued which aimed at giving a more secure tenure. Under these regulations

waste lands were to be let by tender in lots of from 500 to 5000 acres, the upset price being £5 per annum for areas not exceeding 500 acres, and £1 for each 100 additional acres. The land was held on a yearly tenure, but the holders of licences were allowed the privilege of renewal from year to year for five years. The effect was seen immediately in a large increase in the area held under licence, which rose to 1,062,989 acres in 1847 and to 1,524,226 acres at the close of the period. For this an average rental of 27s. per 100 acres was obtained.

V

LAND LEGISLATION AND SETTLEMENT IN SOUTH AUSTRALIA AND THE WAKEFIELD THEORY OF COLONIZATION.

THE Wakefield theory of colonization is summarized by Leroy-Beaulieu in the following formulae :

(1) The prosperity of new colonies depends chiefly on the quantity of manual labour, in proportion to the country occupied, that capitalists have at their disposal.

(2) Workers can be brought out from the Mother Country to the colonies at the public expense, in which case it is necessary to take measures to ensure that such persons work for hire for a considerable time after their arrival, say for two or three years at least.

(3) When land is sold by the colony it is desirable to place upon it a sufficiently high price, to prevent wage-earners becoming proprietors too soon.

(4) The whole of the proceeds of land sales should be set apart as a special fund to be used for the purpose of bringing to the colony immigrants from the Motherland. It is only by using the whole of this fund for immigration that it will be possible to maintain an exact balance between the quantity of land cultivated, the amount of manual labour, and the amount of capital available for such cultivation.

(5) The price of land should be uniform and fixed without reference to the quality of the land sold. The price of allotments should vary only with their area. Land, therefore, should not on any account be sold by auction.

(6) A system conforming to these conditions would effect the concentration of the population of the colony and prevent that dispersion which is always liable to occur in new countries.

According to his own statement, the ideas propounded by Edward Gibbon Wakefield in regard to colonization grew out of the first proceedings of the British Government in settling the Swan River Colony, or Western Australia as it was afterwards called. Wakefield's theories were graphically set forth in *A Letter from Sydney*, written while he was lying in prison, and were given to the world in the year 1829. So plausibly is his *Letter* written that many who have quoted from it have regarded it as a record of personal experience, although Wakefield had not, up to that time, even seen the coasts of Australia. His ideas were further developed in his *Art of Colonization* appended to his *England and America*, published anonymously in 1833, and in various other writings. In his *Letter*, Wakefield describes how he went to New South Wales with lively anticipations of the delightful estate which his means would enable him to procure, how swiftly he was disillusioned, how his own man promptly gave up service and became a landowner, how he was therefore obliged to fall back on convict labour to work his estate, and how after experiencing its inefficiency he resolved to send for English labourers. He goes on to tell how some of these labourers never even entered his service, and the others stayed with him only a few months, until they had acquired land for themselves. He draws a vivid picture of the isolation, the inconveniences, and the uncivilized conditions in which he was compelled to live, and finally how he determined to give up his land and retire to Sydney, where he could procure books, society, and some of the amenities of life. That he did not abandon the colony entirely, he ascribed to his hopes for better things, and he indicated in his *Letter* how these better things would become possible.

While admitting that the presence of convicts had been of material benefit to New South Wales, Wakefield strenu-

ously rejected the idea that convict labour should be employed in colonization, and laid down the fundamental principle that the population of a new colony should be so recruited as to render it fit for self-government. As a principal means to this end, Wakefield advocated the sale of land at a "sufficient price" and the application of the proceeds to the introduction of suitable immigrants. Wakefield elaborated his ideas in various publications and drew a pleasing picture of a State, embodying the reforms which he had heard advocated from his childhood by the liberal thinkers with whom he had associated, and which were to be made possible by the simple expedient of using the money, paid for land in a new colony, to carry to it worthy citizens. Political freedom, religious equality, universal education were to prevail, but it was not a Utopian commonwealth he sought to found, but "a new Britannia in another world." A man of fortune would be able to obtain a large domain, build a good house, keep enough land in his own hands for pleasure grounds, park, game preserves, letting off the rest of his estate in suitable areas to tenant farmers; and there would be labourers and tenants who, in the course of time, would rise to the dignity of freeholders: in fine, he aimed at reproducing the characteristics of rural England in 1825 without its dire poverty.

While gentlemen of property and a squirearchy were to give a savour of civilization to his proposed colony, these were not the only persons to be considered. Wakefield throughout his whole career displayed a noble concern for the improvement of the lot of the peasant labourer. In *Swing Unmasked; or, the Causes of Rural Incendiarism*, he gives a lurid picture of the misery and hopelessness of the poor in rural England and the tyranny and injustice of the "oppressors of the helots." He takes for granted that the wages in the new colony would always be considerably higher than in the Mother Country, otherwise labourers would not emigrate, and he lays it down as a cardinal principle "that the supply of labourers be as

nearly as possible proportioned to the demand . . . so that the Capitalist shall never suffer an urgent want of labourers, and that labourers shall never want well-paid employment." Wakefield wrote with great vigour and freshness, and as his words fell upon ears ready to listen to proposals for immigration, the results of his propaganda were amazing, influencing the whole colonial policy of England, so as to change it completely during the twenty-five years that followed.

A Colonization Committee was formed in 1830, with a view to giving effect to the new principles in their entirety in the foundation of a new colony, but difficulties arose with the English Government in regard to the political questions involved, and the scheme as a whole was abandoned. A part of Wakefield's doctrine, however, was readily accepted by English statesmen, and the disposal of Crown lands in Australia was modified, and a portion of the land revenue was devoted to immigration. Wakefield's principles were still, however, a living force; the proposed foundation of a new colony on the shores of the Gulf of St. Vincent gave a unique opportunity of demonstrating practically the soundness of the Wakefieldian theory, and of that opportunity the Commissioners for South Australia were resolved to take full advantage.

The effects of a policy are not, however, determined by the sentiments of its author or of his disciples, and the famous theory of a "sufficient price" announced by Wakefield was no exception to the rule. Later on Wakefield complained that his views had not received a fair trial in South Australia, that the experiment in colonization had been badly managed, and the price of land had been fixed too low. But this was after the fate of the colony had been decided, and, whatever the circumstances, the Commissioners were all good Wakefieldians and as anxious for the success of the experiment as was Wakefield himself.

The history of the foundation of settlement in South Australia is elsewhere given. In 1834 the South Australian Association was formed, and succeeded in pushing through

Parliament a Bill for the colonization of South Australia. The Act was comprehensive, and embodied most of the essential features of Wakefield's scheme. English felons were at no time and under no circumstances to be transported to the colony ; the minimum price of land was fixed at 12s. an acre, but the Commissioners were allowed to increase the minimum at their discretion ; the price of land at any given period was to be uniform ; the proceeds of land sales were to be devoted to aiding the emigration of suitable persons of both sexes under thirty years of age. The arrangements for the establishment of the new colony were duly completed early in 1836, and during that year various vessels carrying colonists set sail from England.

It is obvious that the cardinal principles of the Wakefield system might be strictly adhered to and the landowners still be without labourers, for those who were imported to dig for others, might prefer to dig for themselves and refuse to work for hire. This did not escape the notice of Wakefield, who proposed to meet the difficulty by regulating the price of land, so as to put it out of the power of farm labourers to become landowners " too soon," or for a considerable time after their arrival in the colony. The experience of the other parts of Australia did not warrant the expectation that ordinary farm labourers had much chance of becoming possessed of land, and the application of the doctrine of " sufficient price " was not really needed for the purpose for which it was invented. The wage of a farm labourer in no part of Australia was then more than £26 a year with rations and hut accommodation. Out of these wages a man would have to clothe himself and provide for such comforts as he might require in addition to the flour, meat, tea, sugar, salt, and soap provided by his master. His clothing would cost him £7 : 10s. to £10 a year, and after paying for tobacco and small creature-comforts the best part of his earnings would have disappeared. If the labourer chanced to have a family to support, it would be absurd to suppose that there could be anything saved from his income.

Agreeably with the doctrine of "sufficient price," the rate for land in the new settlement was first made £1 per acre. This was thought to be a low price, but the "evil of a low price" could be more readily cured than if more than a "sufficient price" had been fixed upon at the beginning; in fact the "sufficient price" had to be gradually worked up to. This "sufficient price" which would "prevent the labourers . . . acquiring property in land before they have worked for wages for a sufficient period" could only be ascertained from actual experience, and the Commissioners expected that they might be compelled to raise the price of land to £2 an acre "should the labourers conveyed to the colony . . . begin to cultivate small farms on their own account before the arrival of other labourers to work for hire in their stead." In spite of all the protestations of goodwill towards the labourer and voluble explanations tending to allay the suspicions of persons interested in the labourers' welfare, it is obvious that the condition which the South Australian Commissioners wished to bring about, was not an equilibrium between the supply of labour and the demand for it which would tend to an advance in wages, but one in which there would be always a margin of unemployment, sufficient to prevent wages rising, but not sufficient to bring about "a superabundance of labour as deplorable as in England." The Commissioners had power to fix their own price on lands offered for sale in South Australia, but looking beyond their borders they discovered that there was danger that the lower price at which land was offered in New South Wales would place the landowners in that colony "in a condition to offer higher wages to emigrant labourers," who "would be attracted by the higher price of labour and the lower price of land, and thus the capitalists . . . would be deprived of the supply of labour for which they had paid, and the cardinal principle of the colony rendered inoperative." To cure this evil the Commissioners proposed to the Secretary of State that the other colonies of Australia "should be placed with respect

to the disposal of their waste land under regulations similar to those which have been carried into effect in South Australia," that is to say, the doctrine of "sufficient price" should be applied to them also, and the proceeds of land sales wholly devoted to the introduction of farm labourers.

The Commissioners were not very hopeful that the price of land in New South Wales would be put up as they desired; nor did they think it was altogether necessary to wait until such was done, before taking steps to make it difficult for labourers to leave their employment in South Australia. In their report the Commissioners confess that it would not be possible by any legislation to put restrictions on the liberty of a labourer, such as would prevent his leaving the colony, so they thought it expedient to allow the introduction of married labourers, urged thereto by "the consideration that the parents of a numerous family were less likely than others to give way to any temptations which may offer to leave the colony."

In placing a high price on the land to be sold and requiring immediate payment, the Colonization Commissioners effectually prevented labourers from becoming proprietors; by encouraging the immigration of men with families, a class of people were obtained who would not be likely to leave the new settlement; and by spending the whole proceeds of land sales on immigration, it seemed certain that a margin of unemployment would be created which would be an insurance against high wages. But various important contingencies were overlooked. The practice of charging a "sufficient price" might have the effect of preventing labourers becoming landowners, but it could not prevent their renting farms, and if, as would probably be the case, they became cultivators, they would cease to work for hire as they were expected to do when they were imported. The scheme of the Commissioners predicated an agricultural community, in which a farm labourer would have no temptation to seek other employment than farming, and where men who purchased land would immediately cultivate it. Neither of these condi-

tions could be assured. As regards the persons who first purchased land in South Australia, cultivating it was the last thing they thought of doing. The cost of a farm labourer's passage to Adelaide was £18, and as the price of the first lands sold was 12s. an acre, the original fixed price of £1 an acre having been temporarily abandoned, there would, if the plan of importing farm labourers only were followed, ultimately have been one labourer to every 30 acres sold. In no agricultural community is absolutely all the land put under cultivation, and even in the present advanced condition of agriculture in South Australia, not more than one-tenth of the arable land is devoted to the plough. Making every allowance for women and children who were to be brought out at the expense of the land fund, it is obvious that the number of labourers would be far greater than the requirements of the settlement, and even under the most favourable conditions labourers would have had to seek other work than farming.

It has been urged that the Wakefield experiment had never any real chance of success in South Australia, as the wrangling of the officials destroyed it before it could be properly developed. It has also been urged that the experiment presupposed that the landed proprietors would devote themselves seriously to the business of colonization and would clear and cultivate their land as soon as they had established themselves in their new homes, but that the men who bought land at the early stages of settlement did not attempt to improve and cultivate their estates. This is quite true. Samuel Sidney in his *Three Colonies of Australia* gives a characteristic description of the first settlers :

“As soon as the capital . . . had been selected and mapped, the holders of preliminary orders . . . selected their sections and the whole surplus was put up for auction to the colonists . . . and sold at an average rate of £2 per acre. From that moment the great object of the first colonists became to puff, magnify, and sell to future colonists their building land in Adelaide. No crop was so profitable as land

left in a state of nature but called and sold for a street. In every way the cultivating colonist was discouraged and land jobbing-speculation invited. Young men of spirit were not satisfied to retire to the bush and look after a flock of silly sheep, while it was possible to buy a section of land at £1 per acre, give it a fine name as a village site, and sell the same thing for £10 an acre." It was of course contrary to all the ideas of the Colonization Commissioners that the colonists should have settled down at Adelaide and indulged themselves in a gamble on city allotments, but the Wakefield theory failed at the very beginning. The payment of a "sufficient price" did not compel cultivation, and though the presence of a numerous body of labourers might have resulted in low wages, it did not ensure to them constant employment. The establishing of a colony in complete working order, almost from the beginning, was a dream incapable of realization. It demanded a series of mutual sacrifices on the part of proprietors and labourers and an unselfish striving for a predetermined goal, which is not commonly associated with purely commercial undertakings.

To South Australia as previously to Western Australia, and afterwards to New Zealand, some persons of comfortable means went out to acquire a broad estate and enjoy a life which would be dignified and lifted above the ignominy of hard manual work. When the crisis came in 1841 and the colonists had to give up the idea of getting rich by selling one another city lots, over and over again, and under the stress of necessity were compelled to turn to productive pursuits, it was the man practically without capital who saved the situation. Wakefield's anticipation of the leisured gentleman, unskilled in any pursuit, with his domain of 20,000 acres with house, park, game preserves, and tenantry, proved a mere dream. The man of leisure went to the wall and the energetic farmer, looking after and cultivating his own land and toiling with his own hands, emerged successful from the work of colonization. As regards the labourer introduced by the immigration

fund, tied by no bonds either of necessity or of choice to rural pursuits, he remained a farm labourer only so long as other and more remunerative employment was lacking, and when copper was discovered in the Province the labour on the mines was recruited, almost entirely, from amongst the men who were brought originally as farm labourers at the expense of the land fund.

The Wakefield experiment in South Australia failed, as it was bound to fail, because it aimed at establishing conditions of settlement radically incompatible with the idea of a free colony. Leroy-Beaulieu in *La Colonization chez les Peuples Modernes* seizes with great discernment upon the underlying causes of failure :

“There are two lessons to be learned from South Australia’s unfortunate experience : firstly, that it is futile to attempt a colonization scheme without asking the mother country for some of the necessary money, or at any rate for a loan : secondly, that it is imprudent to devote the whole of the proceeds of land sales to the provision of assisted passages for immigrants, for, by doing so, the State forfeits its most valuable asset : besides, there are other necessary public works which need support, and these can only be carried out by using a part of the money derived from the sale of land.”

In sanctioning the new departure in the methods of colonization, involved in the establishment of the settlement of South Australia, it was necessary that sufficient capital should be available from the beginning, and the British Government stipulated that, before any settlers were despatched, land to the value of £35,000 should be disposed of. The Commissioners endeavoured to obtain this amount by selling land at £1 per acre, but their efforts met with scant success. As there had been no survey or even examination made of the proposed new colony, all that the Commissioners could offer an intending settler was a certain area of unexplored land, in a place to be afterwards decided upon. Few people could be induced to risk their money in such a venture, and matters were

almost at a standstill when, owing to the efforts of one of the Commissioners, a company was formed under the style of the South Australian Land Company, to take up an area of land sufficient to provide the money necessary to begin operations. The Company, however, would not pay more than 12s. an acre for the land they proposed to acquire, and the Commissioners had no alternative but to accept the offer or abandon their enterprise. The business was therefore arranged with the Company, and following the lead thus given, many private persons came forward and purchased land orders at the same price, while the few buyers at 20s. per acre, who had purchased previous to the Company, had their holdings proportionately increased. The arrangement with the South Australian Land Company was concluded in 1835, and the Commissioners proceeded at once to the work of sending out emigrants.

It was originally intended to make the area comprised in a land order 80 acres; this was increased so far as the preliminary land orders were concerned, in consequence of the reduced price, to 135 acres comprising two blocks, one of 134 acres of country land, and one of 1 acre on the site of the town about to be erected, and purchasers of land orders were required to ballot for priority of selection. There was a considerable amount of enthusiasm displayed in regard to the prospects of the new colony, the price of land in the open market rose to about £1 per acre, and the Commissioners raised their minimum to that level. The serious work of settlement, however, made little advance, largely owing to quarrels between the Governor and the representatives of the Commissioners. During 1837 the site of Adelaide was chosen, but very little land was surveyed outside its limits. Almost all the settlers remained in the town occupying themselves in buying and selling the town acres or land orders. No attempt was made to build a proper town, the inhabitants being content to lodge in miserable huts; there was practically no cultivation, but some of the bolder colonists established

themselves upon the land as squatters, without waiting for survey.

As the position of affairs between the Governor and the officials did not improve, the Commissioners in London nominated a new resident Commissioner, Colonel Gawler, and the Colonial Office bestowed upon him the office of Governor, in order to avoid further trouble. He arrived in Adelaide in 1838, and at once inaugurated a new system. The Survey Department at the time consisted only of the Surveyor-General, one draughtsman, and one assistant surveyor; very little surveying had been done, and that little was without method. Sections for occupation were laid out in the plain about Adelaide, but only in a district about ten miles square, and seven other districts of about equal dimensions required to be marked out before the choice of preliminary purchasers, as the holders of the first land orders were called, could be satisfied.

Gawler's instructions on leaving for Australia were to increase the strength of the Survey Department, push on with the work of subdivision, and so hasten settlement. He employed as many additional surveyors as could be obtained, but the work of subdivision was made unnecessarily difficult by reason of the system under which land was sold. The land was cut up into blocks of 80 acres each, but persons who were willing to buy 4000 acres were given the right to demand a special survey of 16,000 acres, with the privilege of selecting out of the 200 blocks comprised in this area the 50 blocks they required, subject to certain reservations as to the locations of the blocks in regard to the permanent water-courses. This procedure increased greatly the work of the Survey Department, and interfered with the natural and convenient course of its operations.

During the years 1836 and 1837 the area of land sold by the Commissioners in England, apart from the purchases of the South Australian Land Company, was about 5000 acres, and 3680 acres were sold in the colony itself. The latter figure included 591 acres of town land sold by public

auction, for which an average of £6 : 1 : 7½ per acre was obtained. This was the only land sold at auction by the Commissioners. During 1838 there were many more purchases, the area disposed of in England amounting to 38,000 acres, and in the Province to 10,000 acres, and in 1839 the sales were still larger, 48,336 acres being sold in England and about 118,000 in Australia. At the close of 1839 the population numbered about 12,000, but more than half of these were in Adelaide and were not engaged in any form of productive work. The area cultivated was 3000 acres, but the principal occupation was grazing, and some 200,000 sheep and a few cattle were depastured in various parts of the Province. The sales of land in England, which had been fairly large during the opening months of 1839, fell away greatly, and towards the close of the year almost ceased; but as the demand for land in Australia continued to be brisk, the Commissioners attached no importance to the decline in England, and when they gave up their trust, on the first day of 1840, they had the satisfaction, genuine if somewhat premature, of seeing the Wakefield theory apparently justified by its results.

The work of the South Australian Commissioners, so far as concerned the management of the lands of the Province and the introduction of immigrants, devolved upon the two Land and Emigration Commissioners, who dealt with the emigration business of the other Australian colonies, Colonel Torrens, who had been chairman of the South Australian Commissioners, being appointed as a third member of the Commission.

The involved state of the finances of the new colony was one of the first matters that claimed the attention of the Commissioners. Gawler had exceeded very greatly the revenue at his disposal, and had given bills which the Commissioners had not money to meet. It was thought at first that the difficulty might be met by a loan, but when the extent of Gawler's commitments was ascertained, it was found that the borrowing powers, given to the Commissioners by the South Australian Act, were insufficient

to meet them. To add to the difficulties of the position, the land sales in South Australia, which were expected to yield a large revenue, began to decline, and the accumulation of Gawler's bills in the London market so affected the credit of the Commissioners that in July 1840, when they attempted to raise a loan of £120,000, not a single tender was sent in. The condition of affairs was therefore brought before the British Government, who, seeing that without assistance the work of colonization would collapse, advanced a sum of £155,000, which was afterwards increased to £210,000, in order to liquidate the debts already incurred. This advance was afterwards converted into a gift, and, in order to prevent a recurrence of financial disorder, one-fifth of the revenue derived from land sales was made available for general purposes in addition to the revenue obtained from taxation and other sources; the remaining four-fifths of the land revenue was reserved solely for immigration.

The virtual bankruptcy of the Province naturally prejudiced it in the eyes of probable investors both in Australia and in England. The receipts from land sales were very small in 1840, and fell away to such an extent in the years immediately following, that the theory upon which sales of land had been conducted fell into as great disrepute as it had formerly been in high esteem; and when in 1842 the Imperial Land Sales Act was passed, it was made, almost without protest, to apply to South Australia as well as to the other Australasian Colonies. The Act of 1842 introduced the principle of sales by auction at a minimum price; the only part of the former system of special survey that was retained was its most dangerous feature, namely, the permission granted to an investor to acquire without competition a block of 20,000 acres. The Act came into force in 1843, and the Wakefield theory was further discredited, owing to the fact that the new system brought in a large revenue almost from its introduction. This revenue was, however, not attributable to any virtue in the system of sale by auction, but to the discovery of the value of the copper ores so plentifully

distributed throughout the colony. From 1st January 1843 to the end of September 1846, the revenue derived from land sales amounted to £150,886, the greater portion of this sum being obtained from the sale of lands known or reputed to contain minerals.

The presence of copper and lead was discovered in 1843, but it was not until 1844 that the metallic contents of the ores, especially of the copper ores, were found to be equal to those of the great mines of the world then being exploited. This discovery, so important and so unexpected, immediately produced conditions in regard to the acquisition and occupation of land that had naturally not been provided for by the Land Act, and Grey, who was then Governor, was obliged to exercise his own discretion in dealing with them. His first step was to ensure that land, which was thought likely to contain minerals, should be examined by a public survey officer, and in August 1844 he was able to issue a list of lands known to contain metalliferous ores. Where minerals were proved to exist, the fact was stated in the proclamation of the land for sale, and the sale was postponed for the maximum period of three months allowed by law after proclamation. The probability of more active bidding was thus increased, but a higher minimum price was not fixed, mainly because there was no competent geologist or metallurgist to speak with certainty as to the extent of the supposed deposits and their mineral value, and any large increase in price would have been taken by would-be purchasers as a sort of guarantee that the land was rich in minerals; there was the still further objection, that to increase the minimum price would have been a step of doubtful legality. In 1844 Grey wrote to the Colonial Office asking for instructions how to deal with the question of mineral lands. He pointed out that though the Government was occasionally able to obtain a fair and even a good price for its lands when offered at auction, in the majority of cases purchasers were able to secure their lands before the Government had ascertained the existence of the minerals in them. In

the same despatch he raised the question of the propriety of reserving, in every future sale, a royalty upon minerals won. The Colonial Office was not prepared off-hand with a remedy to meet the new conditions, and Grey was instructed to act as he thought best, while the question was being considered by the authorities in England. The importance of the question was greatly increased by the development in 1845 of the Kapunda mine, which made it no longer doubtful that the Province possessed deposits of extraordinary richness and value.

Grey had anticipated that sufficient capital would not be forthcoming in Australia to exploit the new discoveries, and that if mining was to be developed, British capital must be employed. In this, however, he was proved to be mistaken. While the formation of an English Company was being undertaken, local capitalists were able to arrange for the purchase of two large blocks of highly valuable land. The first of these purchases was made in September 1845, and comprised 20,000 acres of land at Burra Creek, upon which the famous Burra Burra mine was situated, and in December of the same year another purchase of like extent was made; in both cases the purchasers obtained their land at the minimum price of £1 per acre. The sale last mentioned was completed by Governor Robe, who had just succeeded Grey, and he at once took up the consideration of the question of preserving the interests of the Crown, which he saw were likely to suffer if sales of such magnitude became the rule. In June 1846 he reported that, besides the two completed sales, another 20,000-acre block was in process of survey, and another had been applied for, while applications in regard to two others were about to be lodged.

The conditions of these large sales seemed to Robe unduly favourable to the purchasers. It was true that, except in the first two cases, when the deeds were issued they would contain a reservation to the Crown of a royalty of one-fifteenth of the minerals, but this seemed to him not to meet the equities of the case. He saw that the average

price of mineral land sold by auction was about £10 per acre, and for some lots such prices as £88 and £59 per acre had been paid, as compared with £1 an acre obtained for the large blocks. Robe, therefore, declined to sell any more mineral land in the 20,000-acre blocks, and gave orders that in future all lands should be offered at public auction. It is hardly necessary to say that the decision of the Governor caused a considerable dissatisfaction in the colony. It was known, however, that Earl Grey had approved of Robe's action, and an appeal to England would therefore be useless, so it was decided to attempt to circumvent the Governor by restricting competition. In order to do this effectually a Land League was formed, including the principal buyers of mineral land, and it was arranged that when land was offered at auction, one member only should bid, and any lands purchased should be divided amongst the members by lot. It was anticipated that by thus limiting the competition, the land would be obtained at the upset price of £1 per acre or at a slight advance thereon. The Land League was soon able to manifest its power, and though it could not force all buyers to join its ranks, most of the principal speculators belonged to it. This was clearly seen at an important sale held in September 1846, when the bulk of the mineral land offered was sold at an average price of 26s. 6d. per acre owing to these tactics. To defeat this organization and check the speculation in mineral lands, which was becoming extremely reckless, and, as Robe thought, detrimental to genuine settlement, he decided not to offer any mineral land at auction, and to this determination he adhered for several months, bringing only agricultural land into the market, much to the disgust of the Land League.

The idea of obtaining a permanent revenue from the mineral lands of the Province, which had been brought before the Colonial Office by Captain Grey in 1844, was agreed to, after prolonged consideration, and the Governor was authorized, in 1846, to make a proviso in future sales that a royalty of one-fifteenth of the value of all minerals

won should be paid to the Crown. This was a direct change of policy, for the South Australian grants had until then explicitly conceded the right to all minerals to the purchaser of the land. The decree could not, of course, be made retrospective, but it was none the less very unpopular. The legality of the reservation of a royalty to the Crown was also questioned. On the matter coming before the Courts the Judges decided that grants of land must be made in the form prescribed by the Act of 1842, and as no provision had been made for the reservation of royalties on minerals, the proviso was therefore illegal. The Governor did not care to abandon what might prove an important source of revenue, and sought to cure the defect in the law by a local enactment authorizing the collection of the royalties; but the Legislative Council refused to sanction it, and in these circumstances he decided not to attempt to enforce the royalties. In this he was supported by the Home authorities, who had no wish to insist upon a form of taxation to which the colonists objected, and the incident was closed.

It was thought at one time that the development of mining would seriously interfere with agriculture, but any such interference was purely temporary; from 1842 onward agriculture expanded rapidly and steadily, and as early as 1843 South Australia began to export wheat and other produce. Many of the immigrants imported as agriculturists went over to mining, but this defection proved an incentive to invention, and the world owes to South Australia the stripper, which was first made and used in the Province in 1844.

It has already been incidentally mentioned that squatting appeared early in South Australia, and it developed so rapidly that in November 1842 an Act was passed by the Legislative Council of the Province to "protect the Crown waste lands from trespass and to regulate their occupation." Under this Act Commissioners of waste lands were appointed, with power to issue licences to occupiers of such lands. In dealing with the legislation of

squatting on Crown lands, the precedents set by New South Wales were not followed. A licence to depasture sheep and cattle for one year could be obtained for 10s. 6d., but in order to have the right to build and reside on the land it was necessary to obtain an "occupation licence," which was issued at a cost of £5. Squatters were given the privilege of purchasing part of their land to form out-stations, and any one who bought 80 acres for this object might dispense with an occupation licence. A yearly statement was required from all squatters of the number of sheep and large stock depastured on their runs, and an assessment of 1d. per head of sheep and 6d. per head of large stock was annually levied.

The question of squatting rights had not had the opportunity to assume the same importance in South Australia as in New South Wales, and no difficulty was encountered in safeguarding the rights of the Crown to the waste lands, while granting the occupier sufficient security of tenure. Under the Waste Lands Act of 1846, passed by the Imperial Parliament, the settled districts were divided into hundreds, and the regulations dealt separately with land within and without the hundreds. Without the hundreds licences might be issued for the depasturing of sheep and cattle, and the assessment or agistment of 6d. per head of great cattle and 1d. per head of small cattle was continued. This arrangement was held to for a few years, in order to ascertain the value of the land as pasture, and then, in accordance with the original intention of the framers of the regulations, a more convenient system was introduced, leases for fourteen years being substituted for licences, and a yearly rent for the agistment. A lease conferred no right of renewal upon its holder, nor was there any right of pre-emption of any part of the land comprised in the run. At the termination of a lease the land was open for sale, or it might again be leased, but, if the latter course were followed, the lease was to be disposed of at auction. The area of land comprised in any one lease was restricted to five square miles, and every lease was terminable on six months'

notice being given by the Crown, or on its being brought within the boundaries of a hundred. The rent demanded depended on the quality of the land, the leased lands being divided into three classes, carrying rentals of 20s., 15s., and 10s. per square mile respectively. When a lease was terminated by the sale of the land, by resumption, or by its inclusion within the boundaries of a hundred, the value of any substantial and useful improvements was to be paid to the lessee, but when the lease terminated by lapse of time or by forfeiture no compensation was paid.

Within the hundreds the Governor had power to grant licences or leases for a term not exceeding one year. Waste lands, not thus leased, might be depastured in common by occupiers of purchased lands in the vicinity, the extent of commonage being proportioned by the Commissioner of Crown Lands to the land held, but this grant of commonage ceased if the lands were sold or leased. The rent of such waste lands was divided among the persons enjoying commonage in proportion to the stock they depastured in common. According to the last returns made prior to the gold discoveries, the number of stock depastured on lands leased for a term of years was 6488 horses, 81,323 horned cattle, and 984,199 sheep, while 27,840 cattle and 167,040 sheep were on the common lands within the hundreds.

VI

LABOUR AND WAGES

WHEN assignment was abolished in 1839 there were 25,322 convicts in assigned service in New South Wales, and these were reduced by the expiry of sentences at the rate of about 5000 a year. In 1843 there remained only 3532 convicts in assignment, and these became free during the next five years, so that in 1848 there were no convicts in private employ. As it had been customary during the later years of transportation to assign convicts only to employers in the country districts, the pastoral industry was the first to feel the stoppage. It is true that when their period of assignment was over, a large proportion of the ex-convicts remained in the districts where they had been employed, and continued in their old occupations, but many did not, and on obtaining their freedom made straightway for the towns. The cessation of assignment therefore produced a marked reduction in the number of persons of the convict or cheap labour class available for rural industries, and it was not found easy to replace them by free immigrants, especially in the more remote districts.

Speaking generally, the labour of assigned convicts was not efficient, though it was comparatively more efficient in the pastoral industry than in any other, but it was cheap. As no money wages were given to assigned servants the enforced substitution of free labour (whether originally bond or not) involved a great drain upon the employers' profits, and as it happened at a time when, for other reasons, those profits were declining, there immediately

arose a great demand on the part of the pastoralists for a revival of transportation or the introduction of immigrants adapted to pastoral pursuits in such numbers as would bring about a decrease in wages. As a return to transportation was found to be impossible, the other alternative was strongly and persistently advocated, and large numbers of immigrants were introduced into the colony from 1839 to 1842.

In 1839 wages were high and employment was good in all parts of New South Wales, perhaps better than at any previous period. In the building trades, the most important section of town labour, there was a great demand for workmen, especially in Sydney; masons in regular employment could earn 48s. a week, bricklayers 42s., and carpenters 39s., and the rates were frequently higher where employment was less regular. It was, however, a year of drought and scarcity, the harvest had failed, and supplies expected from South America did not arrive. Consequently, the price of grain and most other food-stuffs was very high, and a large portion of the wages of town workers went in food and rent. Indeed, a considerable number of the poorer classes in Sydney applied for help to the Benevolent Society, as they could not provide themselves with food. A Society called the Sydney Relief Association was formed for the express purpose of assisting poor families who, while they were not utterly without means, had not sufficient to purchase the necessaries of life at the extraordinarily high prices which then obtained. Immigrants were arriving in considerable numbers, the drought made it well-nigh impossible for those who were anxious to leave the towns to do so, and it became necessary for the Government to provide temporary employment in Sydney for such immigrants as were not able to get away to the employment that awaited them.

Men engaged on sheep and cattle runs were at this time much more favourably situated than town workers. Food and lodging were almost invariably provided by their

employers, and the rise in prices did not affect them. Ploughmen, stockmen, and shepherds earned, in addition to their keep, from £15 to £25 a year, and overseers, gardeners, and other skilled agricultural workers from £30 to £70. The drought passed away early in 1840, the pastures became green, and the rivers and water-holes filled as if by magic. The coming again of good seasons enticed men farther and farther into the interior, and the establishment of these remote settlements gave rise to a particular class of stockmen known as overlanders. It was the business of the overlanders to procure stock in the old settled districts and drive it across to the new settlements. The work was often of great difficulty, as the route to be taken had rarely, if ever, been trodden before, but the life appealed to all adventurous spirits, and the leaders were frequently men of good position. The stockmen employed usually obtained what, for the time, were considered very high wages. Hawdon, one of the first overlanders to take stock from Port Phillip to Adelaide, paid 20s. a week to his men, who agreed to go "through whatever country he chose to take them, or how long soever he chose to be in doing the same." The overlanders were observant of the good and bad points of the country through which they passed, and, as opportunities served, many of them took up squattages in new country and permanently occupied them; while others engaged in the business of selecting squattages, with the intent of holding them until bought out. With the rise of the overlander the impossibility of holding settlement within specific bounds, a principle dear to the early Governors, was finally recognized, although it was several years later before squatting was definitely legalized as a necessary and useful adjunct to the agrarian systems of Australia.

In 1840 wages of mechanics advanced about 1s. per day in most trades. Masons in regular employment in Sydney earned 54s. a week, carpenters 45s., and bricklayers 42s. The town was increasing so rapidly in population and the

demand for house accommodation was so keen that in many cases houses were occupied before they were completed. The census of 1841 mentions 15,329 houses as being completed in the various settlements governed from Sydney, and 16,445 inhabited, so that more than 1100 uncompleted houses were in occupation.

The Port Phillip district, which was being opened up rapidly, and which attracted a large number of artisans as well as country workers, had been placed under a superintendent (Latrobe) in 1839. In Melbourne building went on with the greatest rapidity, and wages were higher than in Sydney. The wages of agricultural and pastoral workers rose almost immediately on the stoppage of transportation, and in 1840 farm labourers usually received £25 a year and shepherds £27, the rates in the latter case ranging between £20 and £40, but these rates were not sustained, as will be seen when the events following the financial breakdown of the succeeding year come to be narrated.

The law against trade combinations had been repealed in 1825, but during the fifteen years that followed there had been no organized effort, on the part of the working classes, to regulate their relations with their employers. With the more prosperous times that ushered in the third industrial period, combinations of workers in some of the more important trades were set on foot, and their efforts to secure an improvement in wages met with considerable success, both in Sydney and in Melbourne. In 1839 the printers in Sydney obtained a rise in wages owing to a successful strike, and in other trades an advance was conceded without the compulsion of a strike. In January 1840 the tailors working in Sydney formed a union called the Phoenix Society, and in the following August issued a new log of prices, under which their wages would be increased by 30 per cent, and a man in full work be able to earn about 13s. 6d. a day. In August 1840 the carpenters in the Port Phillip district struck for 14s. a day, and gained their point.

It is worthy of remark that the idea of combination for mutual benefit amongst workmen was not confined to trade matters. The Australian Union Benefit Society, which was formed at Sydney in 1838, mustered about 140 members, chiefly belonging to the building trades. It was modelled upon the Operative Masons' Benefit Society of London, and, oddly enough, the majority of its original members were reported to be freed convicts and not persons of the free immigrant class. The Society gave sickness and funeral benefits, but did not provide for unemployment.

With this activity of the working class there was a gradual change in the state of public opinion as to the treatment to which servants should be called upon to submit. In 1840 a new Masters and Servants Act came into operation, which, objectionable as its provisions may now appear, yet marked a decided advance on earlier legislation. A servant who broke his engagement was still made liable to imprisonment, but the maximum punishment was reduced from six to three months, and a sentence to hard labour was no longer permitted. The change is a recognition of the improved status of the workers, and the predominance of the class of free immigrants over that of the emancipists.

In 1841 wages began to decline and employment became less regular. This was the direct result of the financial crisis which affected the whole of the settlements, but was at its worst in Sydney. Few of the colonists realized that the depression which followed the crisis was more than a temporary set-back which would soon give way to renewed prosperity ; some, indeed, took advantage of the decline in wages to push on with the erection of dwellings in and around Melbourne and Sydney, and though the years 1842 and 1843 were periods of severe depression generally, there was much activity in the building trades. Coincident with this activity there were large reductions of wages in every class of employment, and this reduction was made the more easy by reason of the large number of newly arrived

immigrants, who were available to fill the places of those who refused work at the reduced rates. Towards the end of 1843 all speculative building ceased, and the prosecution of many public works, of which the colony stood in urgent need, was suspended. A long period of depression followed, affecting practically every industry, which did not disappear from the Eastern settlements until the gold discoveries were made.

As already mentioned, the first signs of unemployment were seen in 1841; in the last quarter of that year immigrants were pouring into Sydney at the rate of 1000 a week, and it was impossible for the less eligible among them to find employment within the ten days during which they could claim lodging on the vessel that had brought them out. They were therefore lodged in barracks, the men working two days a week for the Government in return for their rations. Towards the close of the year 1841, 200 married men and their families, as well as 172 single women in Sydney, found an asylum in this way. But even in the distressed financial condition of the colony, the immigrants, in spite of the rate at which they were arriving, were soon absorbed, and in the early part of 1842 only 31 families and 15 single women were being provided for in the barracks.

In 1841 the wages of artisans fell to 7s. a day in Sydney, and of farm servants from £25 to £22 a year, and of shepherds from £27 to £24. There was a further decline at the beginning of 1842 in the wages of all kinds of labour. In the case of town labourers the decline was, in a large measure, compensated for by the very great reductions in the prices of food and clothing, but for the country workers there was no such compensation. Indeed, they suffered somewhat in their rations as well as in their money wages; the articles of sugar and tea were frequently omitted, as their employers had not the money to procure them; but supplies of meat, flour, and milk were still given on a remarkably liberal scale. In 1843 the wages of carpenters, smiths, and similar mechanics in Sydney fell to 5s. a day on the average. Even at the reduced rate employment

was by no means plentiful, and many men were glad to accept 4s. 6d. a day. In the country districts, also, wages declined. Bricklayers and carpenters might earn from £20 to £26 a year with hut and rations, but the demand for them was very limited, and employers offered much lower wages to men who were not able to refuse employment.

In agricultural labour the wages varied considerably according to the district. They were lowest in the neighbourhood of Sydney and in the older settled districts, where farm labourers obtained £16 to £17 a year, shepherds £16, hutkeepers £12 to £13, and bullock drivers £18 to £20 a year. In districts farther from Sydney shepherds earned from £18 to £25, and beyond the limits of location the wages of shepherds ranged as high as from £25 to £30 a year. But even this statement of wages must be taken with qualification. Actual coin was never seen in the districts remote from the larger towns, if for no other reason than that its possession would have been an invitation to robbery. It was therefore customary for employers to pay wages by orders drawn on traders or agents in Sydney, or on local storekeepers. Where goods were supplied to employees, they were charged at very high prices, usually about 50 per cent over and above those asked by ordinary retail shopkeepers, and in many cases shepherds and other pastoral labourers received no money wage at all. This practice was sufficiently common to be the subject of newspaper discussion. The abuse continued throughout the whole period, and there is therefore much difficulty in estimating correctly the exact position of country workers.

The orders spoken of as being drawn on traders in Sydney were, when cashed, subject to a large discount, even when the credit of the drawer was unimpeachable, and the apparently superior wages of certain districts were, as a police magistrate reported, "proportioned to the drawbacks." The Masters and Servants Act gave a servant the right to seek redress from the courts of summary jurisdiction if his wages were not paid, and numerous

appeals to the magistrates are on record, especially during the troublous period of 1843. Indeed, the difficulty of recovering wages when due was, for a time, so general as to induce a strong disinclination on the part of immigrants and other genuine workers in Sydney to seek country employment, even when they could obtain none in the town.

During 1843 the distress due to lack of employment became so pressing that, with a view to relief, a register of men out of employment was opened at the Immigration Office at Sydney, in September of that year. In ten days 700 men presented themselves for registration. Relief works were opened by the Government, and employment upon them was offered to all the married men who were enrolled, mechanics receiving 3s. a day and labourers 2s. In this way 103 carpenters, 90 other mechanics, and 139 labourers obtained immediate employment. These numbers, however, did not by any means represent the total volume of unemployment in Sydney. In November 1843 a Select Committee of the Legislative Council was appointed to take into consideration a petition of the inhabitants of Sydney, calling attention to the distress existing among artisans and labourers, and it was ascertained that 1243 men were unemployed, dependent upon whom were 804 women and 1701 children. The largest section of the unemployed were labourers, but all the principal trades were represented among them. It was complained that some of the unemployed could have obtained work, even in Sydney, had they been willing to accept 4s. a day, and that most of them, had they been willing to go into the country districts, could have had employment for a small money wage of about 6s. to 9s. per week and plentiful rations. Many landowners expressed their willingness to engage men at these rates, in order to add to their farm buildings and improve their houses, but very few men could be found willing to sell their labour on such terms. Employers asserted that this was due to the Government relief works, which not

only prevented unemployed labour having to seek work elsewhere than in Sydney, but drew thither those already employed in country districts. The latter complaint had probably little foundation; it is invariably made in like circumstances, but, whether the complaint were true or not, it is certain that the establishment of relief works had the effect of enabling a deserving class in Sydney to tide themselves over a period of peculiar difficulty. It was at this time that Mrs. Chisholm came into prominence on account of her philanthropic work in connection with the immigrant classes. She had interested herself previously in the young women immigrants, in order to place them in suitable situations, and she now undertook the difficult task of drafting from Sydney numbers of immigrants, men and women, who had not the knowledge or initiative necessary to find work in the country districts for themselves. She established a sort of labour bureau in Sydney, and her quick insight into character and her indomitable energy and perseverance combined to make her the ideal head of such an enterprise. For blacksmiths, wheelwrights, and rough carpenters there was employment in the country districts, and she was successful in establishing a number of these mechanics in places where they were needed. For such workmen as bricklayers, masons, cabinetmakers, and upholsterers there was very little possibility of employment outside Sydney, and very few men of this kind were able to adapt themselves to other trades, however unskilled. In 1844 Mrs. Chisholm tried to find places for forty tailors as shepherds, but the flock-masters would not take them. Eventually she found employment for them as domestic servants and in other capacities in the country districts, but most of them were able sooner or later to get work at their own trade, as their presence created a demand for their work which had not existed previously. Mrs. Chisholm's labours evoked a large amount of sympathy, and she thoroughly earned the name of the Immigrants' Friend, enthusiastically bestowed upon her.

In spite of the keen demand for shepherds few skilled

workers forsook their trades ; indeed, it was sufficiently evident that a large proportion of the men out of work were unsuited to pastoral occupations. Many were married men with large families, who could not be expected to go into the bush and leave their wives and children to shift for themselves, but there were also amongst the unemployed a considerable number of incompetents, the riff-raff of the convict class, and not a few immigrants lazy or physically unfit who, by imposing on the Emigration Commissioners, had been granted free passages to Australia.

The pastoralists did not gain the relief they looked for from immigration, as will be seen from the fact that in December 1839 there were 694 stations beyond the limits of location with 377,172 cattle and 1,329,069 sheep, giving regular employment to 3540 free men and 3126 bond ; in December 1843 there were 879 stations with 491,541 cattle and 1,804,096 sheep, and the labour employed was 5190 free men and 1260 bond, and in the settled districts the conditions were no better. There had been in four years, therefore, an increase of stock to the extent of at least one-third, with a decrease in the number of persons engaged in tending them. The methods of herding sheep and cattle in Australia differed very greatly from those common in the United Kingdom, and few of the shepherds who immigrated could be induced to remain in the employ of the pastoralists, especially in the outlying districts, on account of the appalling solitude of their situation. The main source of the labour supply for sheep-runs had always been the convict class, unable when in assignment to choose its occupation, and when conditionally pardoned to transfer itself at will from place to place. The stoppage of transportation deprived the pastoralists of a class of labour well suited to their requirements, and forced them to supply its place with free labour, which was both dearer and more independent. The position became aggravated in 1843 by the financial difficulties of the colony generally, which amongst other evils was attended by the closing of all remunerative markets for surplus stock. During their

years of prosperity the flock-masters had looked to these markets for their profits, content to pay the cost of their stations from the wool, but with the changed conditions they were deprived of a market for their surplus stock, and at the same time of the possibility of giving proper attention to their runs. At this time flock-masters usually considered 400 sheep an adequate charge for one shepherd, and when through a short supply of labour they were compelled to increase the charge to 800 or 900 sheep, they found their flocks did not receive proper attention, with the result that disease became common and the wool deteriorated. The ultimate remedy was more extensive fencing, but the immediate remedy was an improved class of shepherds. Ten years later it will be found that three shepherds were frequently entrusted with 4000 sheep without harm arising, but before the gold discoveries the flock-masters had been accustomed to employ convicts and ex-convicts from whom they expected docility without much intelligence, and they still desired a continued supply of shepherds of this class, to whom they were willing to give a wage of about £10 or £12 a year. Wages did not reach so low a level at any time, but in 1843 and 1844 shepherds were hired at £14 and £15 in most districts of the colony.

The cry for agricultural and pastoral labour was so loud that at the close of 1843 the English authorities agreed to allow immigration to begin again. The immigrants were entirely agricultural labourers, shepherds, and domestic servants. The first ship arrived in February 1844, and from that time till August 1845 about 3000 immigrants were landed in Sydney. They all found employment readily, in spite of the fact, reported by Gipps, that there were in Sydney, in 1844, 2000 adult men without employment, "the refuse for the most part of the previous immigration."

This renewal of immigration was not popular with the working class in Sydney. On the arrival of the first ships a public meeting of protest was held, and the prevalent unemployment was ascribed by the speakers to the

extensive immigration of the previous years. It was not, however, the extent, but the character, of that immigration which was at fault, as was presently proved by the rapid manner in which the new-comers found employment. They were as a class very much superior to the immigrants of 1840 and 1841, as they had been chosen specially for their suitability and willingness to undertake country employment. Though satisfactory in quality, the immigration was by no means sufficient to meet the views of the large employers, most of whom desired to see immigration on such a scale as would produce a permanent decline in wages ; but Gipps did not acquiesce in their demands, nor were the English authorities willing to assent to the necessary financial arrangements, and immigration ceased once more early in 1845. At this time mechanics in Sydney were earning low wages ; 4s. a day was about the average, and many obtained no more than 2s. 6d., and even at these rates work was difficult to procure. The building trades remained depressed, other trades were equally bad, and a considerable proportion of tailors, hatters, and saddlers had to complain of enforced idleness. In 1844 the printers petitioned the Legislative Council asking that the " Government printing shop " might be closed, " as its habit of taking an excessive number of apprentices was flooding the trade with journeymen." In supporting their petition the printers stated that their normal wages did not exceed £2 a week, that numbers of them were without employment, and that some had abandoned their trade for other occupations. The attempt to stimulate local industries, which was made after the collapse of credit in 1843, although much talked about, was productive of little employment. A woollen factory, of which much was expected, offered employment to about fifty persons, almost all of them women and girls. The establishments for boiling down sheep and cattle gave occupation to far fewer persons than would have been employed if the animals had remained unslaughtered, while the employment given by industries subsidiary to boiling down, such

as coopering, the making of iron caldrons and the like, was inconsiderable. The only labour in strong demand was that for pastoral purposes. The flock-masters complained constantly that journeymen stranded in Sydney would not engage themselves for shepherding and other pastoral labour. The *Sydney Herald* voiced the general opinion of employers when it declared that "the Sydney workmen showed far more inclination to form trade unions and agitate for employment by the State than to betake themselves to the country," which was doubtless very true. But the skilled mechanics of Sydney had their point of view also. They were not prepared to believe that the depression, which had settled down on all town employments, was likely to be a permanent condition; and even if its long continuance were probable, many of them looked to emigration to California or South America as preferable to the life of a shepherd.

The reference to the inclination of the workmen to form trade unions finds support in other contemporary newspapers. The spirit of combination was abroad. Towards the close of 1843 a "Trade Protection Society" was formed in Sydney, consisting mainly of working men, although others were admitted to its membership. Its object was to improve the conditions of labour, and as a means to that end it aimed at having direct representation in the Legislative Council, and the establishing of Government relief works for the unemployed. The Society did not flourish, and during its brief existence exercised little influence upon either employers or employed.

The ordinary working hours in nearly all trades were from 6 A.M. to 6 P.M., with two intervals of one hour each for meals; no trade worked less than ten hours, but some worked much longer. At a public meeting, to support the agitation of the drapers' assistants for shorter hours, it was stated by various speakers that their working day was often seventeen hours, the shops opening at 7 A.M. Shop-assistants of all classes appear to have worked long hours, but this complaint of working seventeen hours a

day is without doubt an exaggeration. The agitation of the drapers' assistants appears to have been the only one for shorter hours during this period ; the bulk of the population were evidently content with their hours if not with their wages.

It is difficult to estimate the actual unemployment in the colony, but the reports of the New South Wales Benevolent Society give some indication of its magnitude, and enable a comparison to be made with the earlier period. This Society, though it was a voluntary organization controlled by private persons, received for many years a subvention from the British Treasury, and afterwards from the Colonial Government. It represented the only form of permanent poor-relief organization in the colony, and its statistics afford some data of the condition of the poor. The Society gave both indoor and outdoor relief : in its asylums at Sydney and Liverpool it housed a number of men and women, a considerable proportion of whom, perhaps one-half, were disabled by age or infirmity ; while in Sydney it gave relief to destitute persons in their own homes. In 1833 the number of persons received into the asylums was 300, before that year the number had never reached 200 ; from 1833 to 1836 the yearly number ranged between 300 and 360 ; in 1837 it rose to 401 ; thence onwards there was a rapid increase, and in 1846 the numbers were close upon 1000. There was a similar increase in the number of families relieved in their own homes. Before 1837 the number of such families had never exceeded 25 in any year, in 1837 it rose to 95, thereafter there was a rapid increase, and in 1846 the number exceeded 400.

The largest proportion of the persons received into the asylums, probably about 70 per cent, were of the convict class, and the subvention of £2500 a year, which was paid for many years by the British Government, was in recognition of the Society's work amongst destitute convicts ; but of those who received relief in their own homes a large proportion were undoubtedly of the immigrant class. The figures cited above show that there was

considerable distress as early as 1840, and in spite of the fact that the Government were carrying on relief works during the three following years, the number in receipt of relief steadily mounted up. In 1844 the relief works were stopped, although there was no diminution of unemployment, and in October of the year named a large number of unemployed persons besieged Government House daily, and as they declared they had no means of subsistence, the Governor arranged with the Benevolent Society for an allowance of food to be issued to them, and in this way 125 families were relieved. In order to test the genuineness of the applications for relief, the Governor provided work for the men at the Cook's River dam near Sydney, and ordered that only the families of the men who accepted such work should continue to be given rations; the men themselves were to receive an extra 10d. per day. Labour at the dam was heavy, and many of the unemployed were physically unable to undertake it; and as the number of men who continued at the work was only about thirty, the authorities were able to claim that the men who clamoured for work would not undertake it when it was given them.

In 1845 there was considerable unemployment amongst artisans and labourers in Sydney and Parramatta, and at the beginning of the year wages were 2s. 6d. a day. The officers of the Government reported that numbers of men were refusing employment in the Windsor, Bathurst, and Newcastle districts on account of this low rate, and wages rose before the year closed to from 3s. 6d. to 4s. 6d. a day. Elsewhere in the colony no unemployment was reported, although there was no great demand for any but agricultural and pastoral labour. The census returns of 1846 show 1580 "almspeople, pensioners, and paupers," of whom 987 were in Sydney and 554 in other country towns of the Sydney district; in the Port Phillip district there were 107 persons returned as of this class, of whom all but three were in Melbourne.

The cessation of immigration in 1845 and the two

following years was attended by an advance in the wages of agricultural labourers and shepherds. In 1845 these had averaged from £17 to £18 a year; in 1846 the usual rate was £20, and in 1847, £23; and in the districts more remote from Sydney even higher wages were paid. In 1844 the average price of Australian wool in London was 11½d., in 1845 it had risen to 14d., and 15d. per lb. was obtained in the year following. These advancing prices made the expectation general that good times had at length returned, and the pastoralists clamoured for fresh supplies of labour, as it paid them much better, with wool at 14d. per lb., to keep the runs stocked than send the sheep to be boiled down for tallow. Accordingly bounty immigration was renewed in 1848, and the average wages of shepherds fell to £21 a year. The hopes of the colonists in regard to a return of prosperity were disappointed by a sudden fall in European prices. Wool fell in 1848 to 13d. a lb., and to 10½d. in the following year. Pastoralists reduced the wages of the shepherds to £17 or £18 a year, and the increased supply of labour available owing to immigration enabled them to keep them at this level until 1851, when, in consequence of the gold discoveries, all wages rose. During the whole of the period the pastoral industry was in a depressed condition, save for a brief interval in 1846 and 1847; nevertheless it was that industry that saved the colony when so many enterprises were brought to ruin in 1843, and it was not mere exaggeration when a contemporary writer declared that, in the years of stagnation which succeeded 1843, it was owing to the wool trade alone that the streets of Sydney were not grass-grown.

The wages of mechanics in the principal trades showed some slight improvement in 1846; in Sydney they ranged from 4s. 8d. to 5s. 2d. per day, but there was no real demand for skilled labour. In the country districts mechanics could earn from £35 to £39 a year with hut and rations, and for rough carpenters, blacksmiths, and such like workers there was steady employment.

The tabulators of the census of 1841 grouped mechanics and labourers under one heading, and in the year named 10,715 were recorded as being in the colony, of whom 4178, or 39 per cent, were in Sydney. In 1846 the class was subdivided, but taking the whole class as at the previous enumeration, the total was 22,873, of whom 6604, or only 29 per cent, were in Sydney. Of mechanics and artificers alone Sydney had 46 per cent and Melbourne 11 per cent. In the interval between 1841 and 1846 there had been a decided movement of unskilled town labourers from Sydney; many mechanics left for Port Phillip and South Australia, where wages were higher; some also went to Valparaiso, which at that time was in direct and regular communication with Sydney; and considerable numbers, including many who had originally been transported, returned to England.

The condition of Sydney in 1846 may be judged from the fact that there were at that time 9830 houses in the town, of which 1147 were empty, and several other towns, notably Parramatta and Maitland, were also overbuilt. Outside the towns and throughout the Port Phillip district the reverse was the case. In Melbourne itself there were 2334 houses, including 237 which were unfinished, but only 71 were empty, so that 166 houses only partially completed were occupied.

At the beginning of 1849 wages declined, and continued to do so during that and the following year. In 1849 mechanics were obtaining 4s. 6d. to 4s. 9d. a day, and when the news of the great discoveries of gold in California reached Sydney, there was a considerable emigration to the new fields. In 1850 the desire to emigrate to California had become general, and the most stringent regulations were required to prevent overcrowding on the outgoing vessels. During the first six months of 1851 twelve ships left Port Jackson carrying off 1684 persons to the new goldfields, many of whom had been introduced to the colony at the expense of the land fund. Some of these were persons who had simply made the bounty system of

emigration to Australia the means of proceeding at a smaller cost to the goldfields of California, but many were genuine settlers, who left the country disheartened by the long period of depression which had lain heavily on all industry. As affording some indication of the exodus, it may be mentioned that between 1846 and 1851 the diminution in the number of mechanics and artificers was very great. In the Middle district the numbers fell from 8100 in 1846 to 5857 in 1851. There was an increase in those returned as labourers from 8492 to 10,875, but not large enough to compensate for the loss in the skilled class. The decline in Sydney itself was even more marked. In 1846 it contained 3672 mechanics and artificers, in 1851 only 1258, or 34·3 per cent of the original number.

The wages of female domestic servants were affected by the depression, especially in 1843 and 1844, but not to any great degree. At the beginning of the period wages ranged from £14 to £20 a year, according to the description of servant, and the demand was constant; in 1843 the range was from £8 to £17, and employment was not always easy to obtain; after 1843 wages gradually rose, as the practical cessation of immigration cut off the supply of eligible servants. The extreme difficulty in retaining domestic servants is shown by the census figures. In 1841 there were in the colony 9825 domestic servants; in 1846 there were only 800 more, although the population had increased in the meantime by 57,000. In 1848 wages ranged from £14 a year for nursemaids to £21 for cooks, but in 1849 the rates for these two classes were from £8 to £10, and from £16 to £18, the fall being due to the increased number of maids available for employment on the resumption of immigration. Wages remained practically at these rates until the gold discoveries changed the outlook of domestics as of all other workers. Throughout the period the rates were high as compared with those current in England for similar service, but the conditions of labour were not good, and the work itself in most cases was unrelieved drudgery.

In the Port Phillip district wages were higher throughout the period than in the Sydney district. They declined less during the years of depression, and revived more quickly when conditions improved. The wages of artisans in Melbourne at the beginning of 1841 and in the previous year were as a rule 10s. a day and employment was good ; but towards the middle of the year the district began to feel the effects of the depression, and from July 1841 the immigrants, who had been arriving in considerable numbers, began to have some difficulty in finding employment. The Government offered work to those who could not obtain it otherwise at 20s. a week, which was reduced to 18s. in 1842, but the maximum number of men employed in this way never exceeded 250, and comprised chiefly married men with large families, who could not find employment in town and were unwilling to go to the country districts in search of it. There were also among the unemployed a number of women who, though brought out as domestic servants, were ignorant of their duties, and could find no other employment. In 1842 the worst of the depression was over so far as Port Phillip was concerned, and mechanics were so greatly in demand that carpenters, joiners, masons, bricklayers, smiths, and other workmen earned from 10s. to 15s. a day. These wages, however, were not sustained, owing to the arrival of immigrant mechanics in large numbers, and in 1844, 1845, and 1846 the average wage may be taken as having been 6s. a day. In 1847 there was a general increase in the pay of all classes of labour, and artisans received 7s. a day, but the improvement did not long continue, the wages of masons falling to 6s. 8d. per day, and of other artisans to 6s. 4d., and even 6s. 2d. During 1849 wages tended to fall still further, and were again at 6s., at which figure they remained until the gold discoveries.

The stream of immigrants was by no means sufficient to meet the demands of the pastoralists, and even before immigration ceased for lack of funds towards the close of 1845, the wages of country workers began to rise and

various schemes were mooted by the sheep and cattle breeders to procure labour at the old rates. One of these schemes was the introduction of expired-sentence men from Van Diemen's Land, and associations were formed for the purpose in both the parent colony and Port Phillip. The employers subscribed in proportion to the number of servants they required, and an agent was sent over to Van Diemen's Land to select men and bring them back. The fares of these men were paid to Geelong, and it was expected that they would accept the first offer of work made to them. A wage of £16 a year was first offered, and few would accept this pay, but on the rate being raised to £20 all the men imported accepted employment.

Owing to the scarcity of pastoral labour, Port Phillip was chosen as the home of the so-called exiles despatched from England in 1845 and the three succeeding years. Their introduction was not viewed with favour by the working classes in Melbourne, and only one of the four newspapers supported it, and that in a very half-hearted manner; but the pastoralists were greatly in need of labour, and they were the most important section of the community. The treatment of the exiles was not unlike that given to free immigrants. They remained on the ship which had brought them for about a fortnight, and as a rule most of them were hired during that period. If not, they were housed on shore until they obtained employment, the expense being borne by the English Government. The exiles had been given the opportunity of acquiring in the English prisons various trades which, it was hoped, would be useful to them in their new life. They were trained as carpenters, tailors, shoemakers, rug and mat makers, and some in other occupations which could be taught in prison, but it was very rarely that the men found employment at these trades. A few were employed as rough carpenters, but most of them were engaged as shepherds and agricultural labourers at a wage of from £16 to £20 a year. They were absorbed with little difficulty, but except as an alternative to the ex-convicts of Van Diemen's Land, they

were not favourably regarded, either by the employer class or by the community at large, and there was a feeling of relief when the revival of free immigration on a large scale in 1848 made their importation no longer necessary. The dissatisfaction with the labour of the exiles arose mainly from the fact that they were free men, and could not be tied down to assigned service, as in the case of ordinary transported convicts, nor did they as a rule become efficient shepherds. The first few shiploads of the exiles were placed in the rural districts, but most of the subsequent arrivals took advantage of their condition of freedom to remain about Melbourne and Geelong, and their presence in the colony became increasingly distasteful to all classes of colonists. The attempt of the Colonial Office to remedy the defects of the system under which exiles were sent out, by a revival of transportation and assignment, is alluded to elsewhere. The defeat of that attempt was made certain by the resolute refusal of the people of Melbourne to permit the landing of the *Hashemy's* passengers in 1849, and beyond the expiries, who were allowed to leave Van Diemen's Land with the knowledge of the Government, Port Phillip was thereafter free of all attempts to impose convict labour upon it.

In 1842 first-class farm hands and shepherds earned from £25 to £30 a year, and inferior farm servants from £20 to £25. Female farm and dairy servants were hired at from £15 to £20 a year, and household servants £10 to £15. When immigration was renewed early in 1844 the wages of these descriptions of labour fell, as the majority of the immigrants were farm hands or shepherds. What are described as "highly satisfactory" married immigrants obtained the following yearly wages :

Agricultural labourers (wives as servants)	£20
Shepherds (wives as hut-keepers)	19
Domestic servants	26

In the above instances double rations were given, and where there were children three or four rations as required. In 1847 and 1848 there was an increase up to an average of

£28, but in 1849 wages fell to between £19 and £24 and remained at these lower rates, until the gold discoveries altered the conditions and remuneration of employment throughout Australia.

During the period an attempt was made to introduce Chinese labour to relieve the demand for shepherds. The Chinese who were brought in were from the Southern and warmer districts of China, and were unable to withstand the coldness of the winter. Most of them drifted back to Melbourne, where they became a charge upon the Government.

The wages of female domestic servants in the Port Phillip district at the beginning of the period were £12 a year for general servants, £11 for housemaids, and £18 for cooks. After 1841 there was a general tendency for wages to increase, and in 1846 they ranged from £21 to £24 a year, and in 1847 from £22 to £26. During these years the cessation of free immigration produced its greatest effect. In 1848 the wages of most servants were from £18 to £20, though cooks obtained more; there was a further decline in 1849, and wages did not again reach the standard of 1848 until 1852.

VAN DIEMEN'S LAND

The emigration of capitalist settlers and free labourers from Van Diemen's Land to Port Phillip, which began towards the close of the second period, was continued for some years. In 1838 Franklin reported that though the colony was in need of good mechanics, he thought it "imprudent to expend the land revenue in obtaining immigrants of that class, as it was so probable that they would emigrate speedily."

The impossibility of inducing free persons arriving in Van Diemen's Land to settle there, arose largely from the fact that the agricultural work throughout the settlement was invariably done by assigned convicts, and even building operations were frequently undertaken by the same class

of labour. The years 1838–40 were, however, prosperous ones for Van Diemen's Land, for the drought in Australia improved the market for its produce—agriculture was extended, and there was for the time a demand not only for farm labour but for skilled workers of various kinds. In June 1840 the assignment of newly arrived convicts ceased, and wages rose almost immediately. Mechanics were paid from 6s. 6d. to 8s. 6d. per day, according to their trade and capacity, and good farm servants from £25 to £30 per year, with board and lodging. The altered conditions were very unsatisfactory from the point of view of the employers, who held a meeting at Hobart to ask for immigrants and for the assignment of the convicts in the probationary gangs, it being argued that “agricultural and mechanical operations were retarded through a want of a sufficiency of labour, and that they will get more so unless steps are taken through free immigration to supply the want caused by the cessation of assignment.” The Governor now concurred in the necessity for free immigration, and during 1841 and 1842 about 2100 free immigrants reached the colony from the United Kingdom. In 1841 the wages of mechanics ranged from 7s. to 10s. per day, and town labourers could earn 4s. to 5s.

The arrival of the immigrants did not affect the demand for good agricultural workers, although it affected their wages, but the market for artisan labour was so limited that immigration not only affected wages but put a number of men on the verge of unemployment, and few of the immigrants who arrived in 1842 were able to obtain the wages current in 1841, especially as, in the meantime, the trade of the colony had become depressed. The wages of ordinary farm labourers in 1841 were £20 a year; in 1842 immigrants were engaged for similar work at from £10 to £14, and female domestic servants were hired at from £7 to £18 per annum, though the rates paid previously were from £16 to £25. In April 1842 Franklin wrote to England warning the Government not to send out any large body of immigrants, as he was afraid that they would find them-

selves "in a far less favourable position on arriving there than that which they expected when they left their Mother Country." Under ordinary conditions the labour market was almost sufficiently supplied with labourers of the convict and ex-convict class, and there was small margin for the employment of free immigrant labour; where the demand for labour became reduced through slackness of trade or other cause, the better and more expensive class of labour, that is to say, the free immigrants, were the first to be thrown out of employment.

As assignment had been abolished and convicts were still being poured into the colony, a change in the method of dealing with prisoners under sentence was introduced, which it was imagined would have many of the advantages of assignment while being technically different from it. The convicts were on their arrival placed in observation gangs, and those who were reported on as being satisfactory workers were further placed in probationary classes and given what were known as "passes," which allowed them to enter into private service. The "pass" resembled a ticket-of-leave in some respects, but with important differences. The pass-holders who entered private service were obliged to return to Government labour if they left their employment, and they were only allowed a specified rate of wages. They were divided into three classes and an effort was made to moderate the stages of probation, so as to accustom the prisoners gradually to the independence of a free labourer's life. To be successful, this system would have needed the intelligent co-operation of private employers, but this was entirely lacking, and as a reformatory measure the scheme of probation failed. An essential feature of the scheme was the retention of a portion of the earnings of the pass-holders until their term of probation had expired; thus the first pass-holders were only to receive £9 per year as wages, and of this a certain proportion was to be paid by the employer into the Savings Bank. To this regulation the employers as a rule paid no heed, and handed over to their men their full wages. It

was therefore rescinded, Franklin himself testifying that from such a wage it was unreasonable to expect any saving.

In the circumstances just narrated it is not surprising that the wages of the free labourers remaining in the colony became greatly depressed. In 1844 the earnings of labourers and mechanics had fallen so low that they were unable to purchase articles such as spirits, beer, tobacco, and the like, of which they had been previously the chief consumers, and the Government revenue suffered accordingly.

Van Diemen's Land naturally did not escape feeling something of the effects of the grave crisis which came upon New South Wales in 1841 and the two following years, greatly crippling the purchasing power of the people of that colony. There was at the same time also an important commercial change, which made New South Wales practically independent of Van Diemen's Land in the matter of agricultural produce, and therefore injuriously affected the market for agricultural labour in the island colony. Hitherto Van Diemen's Land had been the granary of Australia, and years of scarcity on the mainland were, as a rule, years of great agricultural activity in the island. But in 1840 and afterwards the merchants of New South Wales discovered that they could obtain grain, sufficient for their requirements, more cheaply from Chili and elsewhere than from Van Diemen's Land, and agriculture in the island became for a time unremunerative. In 1844 the condition of Van Diemen's Land seemed peculiarly hopeless. The settlers were suffering considerable pecuniary distress, persons with capital were no longer settling in the colony, and, owing to the loss of a market at Sydney for grain, much land fell out of cultivation. Under these conditions employment would naturally have been bad, but the lot of the free citizen and labourer was made worse by the mass of convict labour with which they had to compete. In May 1844 there were in the island 4937 ticket-of-leave men, 4000 men with conditional pardons, and 7048 pass-holders, in addition to 3205 men

and 1078 women who were assigned under the old regulations, and a large number of ex-convicts, over whom the Government retained no control. Eardley-Wilmot, who had succeeded Franklin as Governor, reported that the number of persons out of employment and with no means of support was "fearfully great and must increase monthly," as fresh prisoners arrived at the probationary period. By December 1844 the superabundance of convict labour was so great that 2600 pass-holders, who could obtain no private employment, were put on relief work by the Government.

The free labourers not unnaturally objected that the engagement of pass-holders by private employers at £9 per year prevented their own employment at eligible wages, and in January 1845 they petitioned the Governor on the subject. He, however, showed no sympathy with their complaints, and, according to his statement, the wages of artisans in the building trades still averaged from 5s. to 7s. per day. The lower figure appears to have been the usual wage for artisans, but there was very little employment, and free immigrant labourers betook themselves to Port Phillip and New South Wales in large numbers. The convicts who had received conditional pardons would have taken the same course had they been permitted to do so, but their pardons were good only for Van Diemen's Land, and they had perforce to remain there. The position of these men was far worse than that of the pass-holders, for they had no claim upon the Government for maintenance, and they could not remedy their condition by leaving the colony. This was altered subsequently, and "conditional pardons" were made current throughout the Australian colonies, with the immediate consequence that convicts holding conditional pardons left Van Diemen's Land in large numbers for the settlements on the mainland, thus relieving the industrial situation very greatly. The stream of emigrants from Van Diemen's Land became in time very considerable. In 1847 the numbers leaving the island for the other settlements amounted to 4787; in

1848, 3799 ; in 1849, 4617 ; in 1850, 4146 ; and in 1851, 6931—a total for five years of 24,280. Not all of these went to Port Phillip, but probably the greater number, and it was estimated in 1849 that about one-fourth of the free population and about the same proportion of the convict class who were able to depart had quitted the island. There were signs of improvement in many directions in 1848, and the Governor reported that there was in that year ample employment for every industrious man at fair wages, but, chiefly in consequence of the low price of wool, wages did not make any noteworthy advance until, as in the other Australian colonies, they were raised by the gold discoveries. In 1849 the mechanics of Hobart still complained of the unfair competition of convict labourers, and stated that 200 free labourers were without employment in that town. The relief of destitute persons cost the Government about six or seven thousand a year, but this was largely due to aged and infirm persons of the convict class.

SOUTH AUSTRALIA

When Captain Grey arrived in South Australia at the close of 1840, he found that, out of a total population of 14,610 persons, 8489 were in Adelaide itself, and that about one-eighth of the population was being supported by the Government. All immigrants who applied for work to the Government were at once employed clearing the streets, cutting up firewood, making or preparing public roads, while Government contracts gave employment to many more. The population of the town of Adelaide was, in fact, as Grey described it, “almost wholly supported directly or indirectly by Government expenditure.”

There was some land under cultivation, probably about 3000 acres, and there was a certain amount of stock-farming, sheep and cattle having been brought from the neighbouring colonies. The price of labour was extraordinarily high ; skilled artisans in Adelaide obtained

from 12s. to 15s. a day, but these wages were offset by the high price of food and other necessities. As Grey's object was to introduce economy into the administration and husband the resources of the Government, he immediately set about curtailing expenditure. He stopped the public works carried on by contractors, and dismissed a considerable proportion of the men employed directly by the Government. He sent away about 215 men employed on the regular administrative staff, thus reducing its strength by one-half, and about an equal number of regular employees were thrown out of employment by contractors. It was obvious that, in so small a community, a considerable time must elapse before new sources of industry would become available for the employment of the persons thus displaced, and Grey agreed to bear the cost of temporary relief, but did not undertake to afford that relief directly. Money was placed in the hands of an unpaid committee, which undertook the task of investigating the circumstances of persons who applied for relief work. Destitution was made the test for employment, persons not actually destitute were refused consideration. There was to be no pampering of poverty, and the men who accepted relief work were required to bring their families to live in the huts in Emigration Square. They were put under vigilant supervision and compelled to work regular hours, their employment being chiefly on road-making. The men on relief work were not paid a uniform rate of wages, but had such a sum allowed them as was considered to be sufficient to procure the necessities of life for themselves and their families, 1s. 2d. per day being allowed for a man, and a proportionate allowance for the women and children dependent upon him. Small as was this wage, it was found to be sufficient to induce men to turn to the Government relief works, rather than to private employment in the country districts, where at this time no money payments were ordinarily made, wages being given in rations and supplies. Grey therefore ordered the discontinuance of the money payment, and gave to men on relief works

rations for themselves and their families. It was natural that in such circumstances men should turn to the relief works only as a last resort, and although several thousands were thrown out of employment, the largest number accepting relief was 555, most of whom were men with large families. Unemployment was at its height in October 1841; from that date there was a steady decline. In April 1842 the number on relief works was reduced by one-half, in the following December the whole had been absorbed into ordinary employments, and only the disabled and a few women and children remained on the hands of the Government. This result was not attained without considerable difficulty. Grey himself became a mark for hatred and abuse, and threats of personal violence were common. He nevertheless persisted in the course he had adopted, refusing to relax his regulations or to give employment to any one to whom any offer of private employment was made. Grey's main object was to reduce the cost of the Government establishment, but he also desired to cheapen labour to the owners of land, in order that cultivation might be extended, and the pastoral industry developed. He was successful in both objects. In October 1842, 19,641 acres of land had been brought into cultivation, and the colony was growing enough grain for its own requirements, while the price of bread, meat, and most articles of food had fallen about 50 per cent. When Grey arrived, the town of Adelaide was a comparatively busy centre, supporting two theatres and sixty-three hotels and public-houses. His policy had the effect of drawing off the greater part of the population to the country districts, and Adelaide looked deserted; the theatres were closed as well as half the hotels. Meanwhile news of the condition of affairs had reached England, and orders were sent to Grey to send all the unemployed labourers to Van Diemen's Land, Western Australia, or New Zealand, instead of maintaining them at the Government's expense; but when these instructions arrived, Grey was in a position to say there were few unemployed

in the country and none maintained at the expense of the Government. From that time forward, until the gold discoveries, South Australia showed an increasing prosperity. In 1843 the wages of building mechanics were from 4s. 6d. to 5s. a day, and towards the end of the year there was some difficulty in obtaining mechanics for Government work, the reason being not that men were in great demand, but that they had deserted their regular trades and would not return to them. In Adelaide houses were superabundant, and a man of the working class could obtain a suitable dwelling for 2s. 6d. to 5s. a week. In 1844 the wages of mechanics in the most important trades were from 5s. to 6s. a day, and they rose very slightly in 1845, but the market for such labour was still insignificant. For agriculturists of all classes there was strong demand even in 1843, and assisted immigration would undoubtedly have been again resorted to, for the supply of the necessary labour, had there been funds available for the purpose.

In 1843 a discovery was made which had the effect of speedily setting the struggling colony, so to speak, on its feet. This was the finding of copper-ore at Kapunda, a district situated amongst the spurs of the Mount Lofty Range not more than 40 miles from Adelaide. The actual find had been made the previous year, but in 1843 the deposits were so far developed that several tons of ore were extracted and sent to England for assay. The report upon the ore was very favourable, and led to the vigorous prosecution of the search for metals; in 1844 four lead and copper mines were worked, and the export of the ore had begun. The mines were so easy to work that experienced miners were not required, and ordinary labourers were employed on piece-work at which they earned about 25s. a week.

The improved prospects of South Australia attracted attention in the other Australian States, and there was a revival of immigration. In 1844 about 1110 persons arrived, some few from Great Britain and some from Germany—whence even in 1841 there had been arrivals—

but the majority came from New South Wales and Van Diemen's Land and all found work very readily. In 1845, when the Province began to taste the fruits of reviving prosperity, there were fifteen copper mines in process of development, and in the following year about thirty; the richest of these was the Burra Creek Mine, which had an extraordinary career. It was opened in 1845, and in less than six months from the day that operations commenced ore to the value of £17,000 was extracted, and in twelve months its £5 shares were sold in Adelaide for £35. The mining discoveries gave a fillip to the struggling industries of the Province, and in spite of the revival of immigration there was a great scarcity of labour of almost every kind. Skilled mining labour was almost unknown, the mines being worked by ordinary unskilled labour, and in June 1846 Lieutenant-Governor Robe, writing to the Secretary of State, reported that he had refused to sell land reputed to contain minerals, as he feared lest mining development should injure other industries. At the time Robe was writing miners could earn 7s. a day, but their earnings fell to about 5s. 6d. towards the end of the year, owing to the arrival of skilled miners in considerable numbers. Smelting works were established in 1848, and this gave a further impetus to mining generally, as the working of mines yielding a low percentage of copper then became possible. In 1848 the average earnings of miners, who were employed chiefly on piece-work, ranged from £2 to £3 a week, while the less skilled labourers earned from 25s. to 35s.

The advancement of mining did not, as Governor Robe feared, keep back agriculture, which made fair progress even during the years 1842 and 1843, when the country was experiencing very drastic treatment at the hands of its ruler. The lack of agricultural labour at this time, when the industry was making rapid advances and was the mainstay of the community, led to the invention of some ingenious labour-saving appliances, of which the most famous was the reaping and threshing machine, the fore-

runner of the "stripper." This machine, invented by a miller named Ridley, revolutionized grain-growing in the State, and reduced very greatly the cost of labour. It enabled grain to be cut and threshed upon the field with great rapidity. The machine was particularly adapted to the conditions of agriculture in South Australia, where the cultivated land consisted largely of open plains, and the grain arrived at maturity very equally. During the harvest of 1844-45 the machine was in fairly general use. Its rapidity and economy were very great compared with hand labour, and contemporary newspapers proudly recorded a case where a machine reaped $6\frac{1}{2}$ acres in rather less than nine hours, the average crop being about 30 bushels an acre. In another case a crop of 843 bushels was threshed and winnowed for £13, or $3\frac{1}{2}$ d. per bushel; this charge included the labour of two men with the machine at 2s. 6d. a day and of three men for winnowing. As it was not unusual at the time to pay from 12s. to 20s. per acre for reaping alone, the enormous saving effected by the machine is obvious. The reaper and thresher was not patented though the initial steps were taken to protect the invention, and the inventor obtained little pecuniary advantage from his ingenuity. It is remarkable that a considerable number of applications for the protection of inventions were received by the Colonial Office from South Australia, the only colony from which, at the time, such applications were ever made, and the fact may be regarded as a proof of the excellent quality of the early settlers in that Province.

In 1845 the farmers were greatly encouraged by a rise in the price of grain, which was continued during 1846. During these years there was a considerable improvement in the wages of farm labourers, who in 1846 received £25 to £28 a year with board and lodging, and in 1847 £36. This advance was, it is said, due to a report that assisted immigration was to be discontinued, and was much opposed by the landowners, who were thus early complaining of the independence of their workpeople; one grievance was

that some of them were showing a disposition to claim a half-day's rest on Saturday, a piece of presumption considered little short of revolutionary.

The prosperity of 1846 produced various attempts to raise wages. The first noteworthy instance of a combination of workmen in the Province occurred in that year, when the tailors formed a union and demanded an increase of wages from 6d. to 1s. per hour, which was conceded. In June 1846 the boot- and shoe-makers held a meeting "in order to form a society and to regulate the rate of wages." Their wages at the time varied from 25s. to 45s. per week.

In another place is given a statement of the non-assisted immigrants in 1845 and subsequent years, and it will be noticed that in every year except 1847 the voluntary immigrants were in excess of those who were assisted. Down to 1848 the majority of the voluntary immigrants came from the neighbouring colonies of Australia. In 1846 Governor Robe reported that 150 labourers had arrived from Van Diemen's Land in one week, and that they were at once absorbed, without any disturbance of the market. The stream of immigrants continued to pour into South Australia for some years longer, but after 1848 the emigration from New South Wales and Port Phillip ceased owing to a revival of trade in those colonies, and in 1849 the attractions of Californian gold were far stronger than anything held out by South Australia.

Some years previously, when there was a shortage of labour in New South Wales, the landowners were very solicitous of obtaining coloured labour: not so in South Australia, where there was no attempt or disposition to introduce Chinese or coolie labour. Such labour was only profitable if indentured, and indentures were rendered impracticable by an ordinance passed in 1847 amending the Masters and Servants Act. This ordinance provided that if any labourers were brought into the Province, under indenture or contract, they should be freed from their obligation at once if they repaid the expenses of their

conveyance thither, and in any case at the expiration of one year.

In 1849 the condition of employment was more satisfactory from the point of view of the labourer than at any previous period in the history of the Province, and wages were higher than at any time during the previous five years. The wages of an artisan in the building trade rose to 7s. per day; there was a slackening off of building in consequence, but not for long, as rents rose and building was resumed. The rent of a mechanic's dwelling was from 6s. to 8s. a week, compared with 2s. 6d. and 3s. per week obtainable in 1843, and house accommodation was in great demand. The wages of predial labour also advanced; according to Sir Henry Young, the Lieutenant-Governor, the stock farmers were unable to work their holdings at a profit, and the boiling down of sheep and cattle for tallow was resorted to, in order to keep down their numbers and obviate the necessity of employing additional labour.

As shown in the table given in the chapter on Immigration, the number of assisted immigrants introduced into South Australia in 1849 was 7055, and there were 9334 others, making a total of 16,389. These numbers were in excess of the absorbing capacity of the Province, and there were signs of unemployment towards the middle of the year, which increased as the year progressed. In order to aid in the distribution of the immigrants a Labour Office was opened at Adelaide in 1849. It was supported at first by voluntary contributions, but the Government afterwards took it over as a branch of the Immigration Department. Through this office a large number of the immigrants passed.

The Government had never ceased to regard itself as responsible for the destitute poor among the population. A sum of money was voted yearly for their relief, and the administration of the fund was entrusted to the Agent for Immigration. In February 1849 a Board for the Relief of the Destitute Poor was formed in Adelaide, and a Relieving Officer was appointed to investigate cases of

distress, with the power of granting immediate temporary relief according to his discretion. The huts in Emigration Square were brought into use again, but the distress was never keen. The labour market was relieved by the out-flow of population to Port Phillip and New South Wales, and there was no appreciable fall in wages in 1850, in which year immigrants, both assisted and unassisted, were still arriving in comparatively large numbers.

WESTERN AUSTRALIA

In Western Australia employment was very restricted during the whole of the period. During the earlier years wages as a rule were high, and from 1838 to 1841 agricultural labourers received from £24 to £50 a year with board and lodging, or from 5s. to 6s. a day if they provided for themselves. Shepherds earned from £3 to £3 : 10s. a month with board and lodging, and artisans from 8s. to 12s. a day. Domestic servants were very scarce, and their wages ranged from £18 to £40 a year. After 1841 there was a fall in the wages paid in most employments ; from 1843 to 1846 agricultural workers earned from £20 to £40 a year, but artisans' wages remained at their former level until 1844, when they fell to from 6s. to 8s. a day, and remained practically at these rates throughout the rest of the period. In 1851 the wages of domestic servants averaged about £15 a year, and shepherds received from £15 to £30. Carpenters earned 8s. a day, and masons and bricklayers 7s., both classes being in great demand, while blacksmiths, who were not a numerous body, received 10s. per day. In considering the figures the fact should not be lost sight of that the quantity of labour in the colony was very small. There was very little immigration, but on the contrary a tendency amongst the better-class workers to emigrate to South Australia, where, though wages were lower, the cost of living was also much lower than in Western Australia.

Allusion is elsewhere made to the introduction of

convict labour into Western Australia. This had been preceded by various trial shipments of convict boys who had been trained on a probationary system in the English prisons. These lads were under careful guardianship and were given their freedom when they reached the colony, being first bound by indentures to serve an employer for two to five years. At the end of this period of apprenticeship they were free to enter the labour market on ordinary conditions. The number of lads thus introduced was small, and on the whole the system worked well. The labour thus provided was welcome in a colony where so little could be obtained.

VII

PRICES

NEW SOUTH WALES, INCLUDING PORT PHILLIP

DURING the opening years of the third period, prices were very high in New South Wales, those of all descriptions of agricultural produce having been raised by the severe drought, and those of many imported commodities inflated by speculation. The drought severely affected the farmer, but the pastoralist was even a greater sufferer, as the land in many parts of the colony was absolutely devoid of all sustenance for stock. In October 1838, when it was certain the harvest would fail, the Legislative Council of New South Wales suspended the duty of 5 per cent on imported grain, and in June 1839, when the outlook was still very unsatisfactory, the suspension was continued. It had been anticipated that supplies would arrive from Chili early in 1839, but this relief did not come, and in April wheat was selling in Sydney at 20s. a bushel, and maize at 12s. ; hay cost £20 per ton, and fresh butter and vegetables were almost unprocurable. These prices were sustained for a few months, but in July the price of wheat dropped to 13s. a bushel. This amelioration was only temporary, as in the following month the price rose to 30s. a bushel, flour was sold at 75s. to 80s. per 100 lbs., and bread at 2s. 6d. to 2s. 8d. the 4-lb. loaf. In September prices again declined, and in October wheat was selling at 20s. per bushel, and the quartern loaf at 1s. 8d. The harvest of 1839 was by no means so deficient as that of

the previous year, but coming as it did into a bare market, it was insufficient to lower prices to their usual level. For a short time after harvest, owing partly to the simultaneous arrival of several grain cargoes from India, prices fell very much, and wheat sold at 7s. 6d. per bushel, but this did not last long. At the beginning of 1840 the price of flour in Sydney ranged from 30s. to 40s. per 100 lbs. and of wheat from 12s. to 15s. a bushel, and as the year advanced prices rose, so that in May wheat was at 18s. a bushel and the 4-lb. loaf cost 1s. 6d. Steps had been taken, however, to secure supplies of grain not only from Van Diemen's Land but from South America, and in August flour at the Sydney mills ranged from 30s. to 36s. per 100 lbs. for fine, and 28s. for ration flour. The average price of wheat during 1840 was 11s. 7d. a bushel as compared with 16s. 9d. in the previous year, but in November 1840, when an abundant harvest was being ingathered, it was a drug in the market at 5s. 6d. per bushel.

The prices of other articles of local production were also greatly affected by the drought. At the beginning of 1839 meat cost 4d. per lb. and milk 6d. per quart; in September the price of beef and mutton was 8d. per lb., eggs cost 2s. 3d. to 2s. 6d. per dozen, and fresh butter 3s. to 3s. 6d. per lb. A visitor to Sydney about August 1840 gave the following list of prices as then current :

	s.		s. d.
Turkeys, each . . .	25	Eggs, each . . .	0 4
Geese, pair . . .	12	Butter, lb. . .	4 0
Ducks, pair . . .	8	Milk, quart . . .	1 0
Chickens, pair . . .	6	English ale, glass . . .	0 6

During 1841 the prices of all kinds of agricultural produce sank to the level common before the drought. The average price of wheat for the year was 7s. 4d. per bushel, and in the last quarter about 6s. 8d.; and the ordinary retail prices of various articles in common use were per lb. :

Flour . . .	3 $\frac{1}{4}$ d. to 4 $\frac{1}{4}$ d.	Salt . . .	2 $\frac{1}{4}$ d.
Tea . . .	4s. 9d.	Soap . . .	9 $\frac{1}{4}$ d.
Sugar . . .	5 $\frac{1}{4}$ d.	Tobacco . . .	4s. 10d.
Meat . . .	4 $\frac{3}{4}$ d.		

There was a general decline in the price of provisions in 1842; in the towns the price of beef ranged from 2½d. to 4d. per lb. and mutton from 2d. to 3d.; flour was sold at 14s. to 24s. per 100 lbs. according to quality, and wheat averaged 6s. 7d. per bushel. There was a still further decline in 1843, wheat ranging from 4s. to 5s. per bushel, the average price being 4s. 3d.; meat 1d. or 2d. per lb.; sugar, 3d. per lb.; tea, 1s. 8d. per lb.; and all kinds of goods, whether locally produced or imported, were greatly reduced in price owing to the enormous number of forced sales. In August 1843 Gipps described the great fall which had taken place in the price of every kind of colonial produce and also of imported articles, as one of the principal features which distinguished the condition of the colony. "Abundance and cheapness," he said, "prevail throughout the land," and it is not too much to say that the expense of housekeeping was one-half what it had been in 1840. House rent had shared in this decline to some extent. At the beginning of the period house rents were very high in Sydney; a house suitable for the residence of a mechanic and his family cost from 15s. to 18s. per week, a two-roomed wooden hut cost £18 or £20 a year; even in 1843 scarcely any decent habitation could be obtained for less than 9s. a week, and for the very poorest accommodation 6s. a week was obtainable. There was a great fall in the rents of houses, especially in those of the better description, after the crisis, as the value of real property fell enormously. In the country districts rents were at all times fairly low. The huts occupied by agricultural labourers were usually of wood and cost about £10 to erect. Such dwellings were naturally of a poor description, but in regard to these there was no question of rent, as employers were glad to allow their huts to be occupied by their servants without rent charge.

Notwithstanding the mildness of the climate and the reiteration of different writers as to the small amount of clothing necessary in New South Wales, as compared with the United Kingdom, labourers, and particularly agri-

cultural labourers, required a quantity of strong clothing, apart altogether from any question of climate, and this in the year 1840, when wages were regarded as being particularly high, was fairly expensive. In 1842, when wages had fallen considerably, the cost of clothing still remained sufficiently high to constitute a serious drain on the earnings of a man in receipt of 6s. or 7s. per day, which were then the wages of an ordinary mechanic. The following quotations represent the cost of the most necessary articles of clothing and of some other goods in June 1842 :

Men's Clothing

	s.	d.		s.	d.
Coloured shirts . . .	3	3	Boots, per pair . . .	10	0
Flush trousers . . .	12	0	Socks, per pair . . .	1	6
Moleskin trousers . . .	12	0	Vests	4	0
Moleskin jackets . . .	12	0	Shepherds' coats . . .	30	0
Straw hats	5	0	Handkerchiefs	1	0

Women's Clothing

	s.	d.		s.	d.
Chemises	5	0	Aprons	2	0
Petticoats	10	0	Stockings, per pair . .	2	6
Print gowns	10	0	Shoes, per pair	7	6
Print bonnets and caps, each	9	3	Stays, per pair	15	0
Shawls	10	0	Merino dress	25	0

Other Goods

	s.	d.		s.	d.
Blankets, per pair . . .	12	0	Mattresses	12	0
Rugs, each	5	0			

Clothing was, however, not the only thing which the yearly servant was obliged to purchase. Abundance of the common necessities of life, such as meat and bread and some tea and sugar, were provided by the employer, together with a hut to live in; but tobacco was not supplied by him, nor tea and sugar in the quantities desired by the men, as the beverage was in constant use, and had almost universally superseded beer and spirits

at meals amongst the working population. After 1843 milk was largely substituted for tea and sugar, on stations where the owners were hard hit by the crisis, especially for the rations of assigned servants. It is estimated that £5 a year would purchase the rough clothing for bush wear, and £5 more the luxuries of tea, sugar, and tobacco that an ordinary labourer would consume, so that the ultimate wages that remained to the labourer during the early years of the period, were higher than at any previous period in the history of the settlement. The position of the mechanic in the towns was somewhat different from that of the agricultural labourer in the bush. The former, besides having to bear the cost of clothing himself, was obliged to rent a house to live in, or to hire lodgings, and to purchase food and fuel, but a mechanic earning £120 a year, which he might have done in 1840, could allow £60 to cover the expenses of his own rations (including bread, meat, tea, and sugar) and house rent, fuel, and clothing, and still have £60 left with which to provide for a wife and family. This was a considerable advance on the labour conditions of the preceding period, or those which were common in England.

The great fall in wages which the commercial crisis brought about was mitigated by the greatly reduced cost of living. The following is a statement of the ordinary Sydney market prices for the commodities specified. The quotations may be taken as representing the average of 1844 :

Wheat, per bushel . . .	2s. 6d. to 3s. 6d.
Maize, per bushel . . .	1s. to 1s. 4d.
Oats, per bushel . . .	2s. to 2s. 6d.
Barley, per bushel . . .	2s. 6d. to 3s.
Bread, 4-lb. loaf . . .	5d.
Butter, fresh, per lb. . .	1s. 5d.
Butter, salt, per lb. . .	9d. to 1s.
Flour, per ton . . .	£8 to £8 : 10s.
Potatoes, per ton . . .	30s. to 50s.
Eggs, per doz.	11d.
Pumpkins, per doz. . . .	2s.
Beef, by the quarter, per lb. .	$\frac{1}{2}$ d. to $\frac{3}{4}$ d.

Beef, retail per lb.	. . .	1½d. to 2d.
Veal, per lb.		3d. to 3½d.
Fowls, per pair		2s. to 2s. 6d.
Rabbits, per pair		4s. 6d. to 5s.
Sheep, per head		6s. to 8s.
Fat cattle, per head		45s. to 55s.
Milch cows (including calves)		
per head		35s. to 75s.
Peas, per peck		6d. to 8d.

In 1845 flour was quoted at £10 per ton, cattle at £1 per head, and sheep at 5s. per head. Provisions remained fairly cheap throughout the period in all parts of New South Wales.

In 1847 Melbourne market quotations for potatoes were 3s. 6d. or 4s. per cwt. retail; most kinds of vegetables and fruits at low rates; geese and turkeys at from 6s. to 7s. each; ducks at from 3s. 6d. to 4s. per pair; fowls at from 3s. to 3s. 9d. per pair; eggs at from 1s. 6d. to 1s. 9d. per dozen; and butter at from 1s. to 1s. 2d. per lb.

In the month of March 1848 wheat was quoted in Sydney at 5s. per bushel, meat at 2d. per lb., and tea at 2s. 3d. The prices of provisions in Sydney markets in 1849 were according to the following rates:

Wheat, per bushel	4s. to 4s. 3d.	Salt butter, per lb. 8d. to 9½d.
Maize, per bushel	1s. 8d.	Cheese, per lb. 6½d.
Flour, fine, per ton	£11	Bacon and ham 4½d. to 8½d.
Flour, fine, per lb.	1½d.	Geese, per pair 6s.
Potatoes, per ton	£6	Ducks, per pair 4s.
		Fowls, per pair 2s. to 3s.
		Beef, per lb. 2d. to 3d.
		Mutton, per lb. 1½d. to 3d.
		Veal, per lb. 4d.
		Lamb, per lb. 4d.

The retail prices of other articles in general use were as follows: Fresh butter, 1s. 2d. per lb.; milk, 3d. per quart; tallow candles (colonial made), 4d. per lb.; cheese, 6d. per lb.; coffee, 1s. 1d. per lb.; tea, 2s. per lb.; moist sugar, 3d. per lb.; refined sugar, 6d. per lb.; colonial tobacco, 2s. 9d. per lb. A sheep could be purchased for

4s. 6d. to 6s. ; a cow from 20s. to 30s. In the fall of the year, however, fat cattle were quoted at £5 per head, and beef and mutton were sold at the unusual prices of 4d. and 5d. per lb., but meat did not long remain so dear. In December 1849 beef was quoted at 6s. 4d. to 8s. per cwt. ; mutton was selling at 2d. per lb. ; fat stock had declined to 50s. a head ; and wheat was quoted at 3s. 8d. per bushel. In 1850 beef was retailed at from 1d. to 1½d. per lb. in Sydney ; tea was 1s. 6d. per lb. ; sugar, 2½d. ; and wheat, 3s. to 3s. 6d. per bushel.

The fall in the prices of articles of clothing and bedding between 1842 and 1850 was very marked, as may be seen by comparing the figures now given with those on page 463. The reduction in the price of men's clothes amounted to nearly one-fifth, and of women's to one-third. The following prices are those of 1850 :

Men's Clothing

	s.	d.		s.	d.
Moleskin jackets . . .	9	0	Straw hats . . .	5	0
Moleskin coats . . .	18	0	Coloured shirts . . .	2	10
Waistcoats . . .	6	6	Strong boots, per pair	10	0
Moleskin trousers, per pair . . .	9	0	Strong shoes, per pair	7	0
Flushing trousers, per pair . . .	9	0	Shepherds' coats . . .	21	6
			Socks, per pair . . .	0	11
			Handkerchiefs . . .	1	0

Women's Clothing

	s.	d.		s.	d.
Print dresses . . .	5	10	Caps . . .	2	4
Merino dresses . . .	12	9	Shawls . . .	8	0
Flannel petticoats . . .	5	3	Chemises . . .	2	6
Calico petticoats . . .	2	4	Stays . . .	12	9
Stockings, per pair . . .	1	6	Check aprons . . .	1	2
Shoes, per pair . . .	6	0	Straw bonnets . . .	6	3
Flannel, per yard . . .	1	6	Calico, per yard . . .	0	7

Bedding

	s.	d.
Blankets, per pair . . .	16	6
Sheeting calico, per yard . . .	1	2
Mattresses . . .	8	6
Rugs, each . . .	5	6

It was a matter of considerable complaint at the time that house rents remained comparatively high, notwithstanding that building was at a standstill, that mechanics were looking vainly for employment, and that house property had fallen 33 per cent in value consequent upon the emigration of people to California. These complaints were doubtless based upon a comparison with rents in an English town of about the same size as Sydney. A return prepared in 1849, in connexion with franchise qualifications, showed that there were within the limits of Sydney 288 houses with a rental of under £5 per annum ; 1493 with a rental of from £5 to £10 ; 1757 with a rental of from £10 to £20 ; and 4204 with a rental of £20 and upwards. The figures would indicate a great change from 1840, when the rent of a house suitable for a mechanic brought a rent of from £40 to £47 a year, and no decent habitation could be had for less than £20 a year.

Throughout the period the cost of living was higher in Van Diemen's Land than in New South Wales ; in 1842 contemporary authorities estimated it to be about 30 per cent more ; the only articles of common consumption that were usually cheaper in the island colony were flour, vegetables, and butter, but at times even these were dearer. In 1839 and 1840, when Sydney was supplied with flour from Van Diemen's Land, the price of bread was higher in Hobart and Launceston than in Sydney. It is difficult to state average prices in some years on account of the great variation in the quotations, some of which must certainly have been merely nominal, as they were far too high to be paid by the majority of would-be consumers, and the quantity changing hands was probably very slight. The price lists have also an unsatisfactory feature, inasmuch as related articles have frequently no related values. The price of flour, for example, seems in several years to have had a very ill-defined relation to the price of wheat. In 1839 the average price of wheat was returned at 26s. per bushel, and that of flour at 24s. per cwt. ; in 1840 wheat 9s. per bushel, and flour 30s. per cwt. ; and in 1841 wheat

7s. per bushel and flour 21s. per cwt. The discrepancies are too great to admit of reconciliation, but it must be remembered that the average price of wheat includes that of seed wheat, and that in 1839 a great portion of the so-called flour was composed of rice and other grains; very little pure wheat flour was on sale.

Meat of all kinds was dearer in Van Diemen's Land than in New South Wales, fresh beef being generally sold retail at 5d. or 6d. per lb. After 1840 the butchers were supplied with beef from Port Phillip, whence it could be obtained more cheaply than from local sources, and the introduction of this supply permanently lowered the price to the consumer. At the beginning of the period the commissariat was supplied with meat at about 4½d. per lb., in 1848 it could obtain its supplies for 1½d. to 2d. per lb. The prices of butter and cheese declined very considerably as the period advanced, the former article being usually sold in 1839 at 2s. 5d. per lb. and in 1849 at 1s. 2d. A large proportion of the cheese consumed was imported from New South Wales, and the ordinary retail price at the close of the period was about 1s. per lb., but there was not a large consumption. Van Diemen's Land was no longer cut off from direct communication with the outside world, as it was during a portion of the earlier period; it was well supplied with imported commodities, and the prices charged for them do not call for special remark. Tea was usually sold at 2s. per lb., but was advanced to about 4s. in 1841 owing to the China War, prices falling to their old standard when peace was restored.

WESTERN AUSTRALIA

The extent of settlement in Western Australia was not on a sufficiently large scale to render necessary any detailed comment upon the prices in that colony, but the following general statement will sufficiently explain their course.

Bread was sold throughout 1838 at 2s. the quartern loaf; in the next three years the ordinary price was 1s. 8d.,

and in 1842 and 1843, 1s. 4d. to 1s. 6d. ; in 1844 the price dropped to 10d., and remained at about that figure during the rest of the period. Fresh beef was 1s. 4d. a pound in 1838, 1839, and 1840, 1s. in 1841, 10d. in 1842, and 8d. in 1843, and from 4½d. to 5d. a pound from 1844 to 1850, increasing to 6d. in the last year of the period. Fresh butter was 3s. 6d. a pound in 1838 and in the two following years, 3s. in 1841, 2s. 6d. in 1842 and 1843, thereafter to the end of the period about 1s. 6d. Sugar was 5d. a pound in 1838, 4½d. from 1839 to 1842, and from 3d. to 4d. in 1843 and the following years. Cheese from 1838 to 1843 was 1s. 9d. to 2s. a pound, and was usually imported from England ; thereafter it was much cheaper, 1s. 2d. a pound being the usual price, occasionally lower, but in some years rising to 1s. 6d. Tea was 4s. 6d. a pound in 1838, 6s. in 1839 to 1842, 4s. in 1843, thence gradually falling to 1s. 6d. in 1849.

SOUTH AUSTRALIA

The first colonists who arrived in South Australia in December 1836 took with them a certain amount of grain and other descriptions of food ; they looked to obtain further supplies from the other Australasian colonies, with whom regular communication by sea was established almost immediately. Overland communication with New South Wales was also opened up, and cattle and sheep were driven over from that colony to South Australia in considerable numbers, to stock the farms of the settlers. Although the colony was by these means in a position to obtain what was needful for the sustenance of its population, until a return from the soil was obtained, prices in Adelaide were, relative to those in the other colonies, very high. Thus in October 1837 beef and mutton were sold at 1s. a pound, bacon cost 1s. 6d., and Van Diemen's Land flour (from which place the supply was largely obtained) sold for 25s. to 32s. per 100 lbs., while fresh butter cost 3s. a pound and salt butter 1s. 6d. to 1s. 9d. The prices of sugar, tea, and coffee were little higher than in the other Australian colonies :

Mauritius sugar sold for £42 to £45 per ton, and English refined sugar for 1s. 3d. to 1s. 5d. per lb. Prices continued during 1838 at about the level of the previous year. Subordinate officials in the colony found it impossible with these prices to maintain themselves upon their salaries, and therefore spent a considerable portion of their time in an endeavour to augment them by other means. This did not escape the notice of the Governor, who appointed a Board to inquire into the prices of the necessaries of life, with a special view to the condition in which the subordinate officials found themselves. This Board, in its report, dated December 1838, gave a statement of the prices commonly paid in Adelaide. It set down the price of beef and mutton at 1s. 1d. per lb. ; of fresh pork, 1s. 3d. ; salt pork, 9d. ; salt beef, 8d. ; flour, 4d. ; and bread, 4½d. per lb. Fresh butter was 3s. 6d. a pound and salt butter 2s. 6d. per lb. ; eggs were 4s. a dozen, and milk 8d. a quart. Cabbages were 4d. each, potatoes 4d. to 6d. per lb., and other vegetables proportionately dear. The price of tea in ordinary use was 4s. per lb. and coffee 2s. ; coarse brown sugar, which was the kind ordinarily consumed, was 6d. per lb. Water could of course be obtained free at various wells, but where it was bought the price was 4s. per 90 gallons. Clothing of all kinds was inordinately dear : a coat cost six to seven guineas ; trousers, £2 : 15s. ; and a waistcoat, 30s. ; boots were two guineas and shoes 15s. a pair.

The drought, which affected the whole of Australia in 1838–40, raised the prices of imported agricultural produce very considerably, and early in 1839 the Government and the principal flour dealers in Adelaide, thinking it inadvisable to depend upon the Eastern colonies, took steps to secure supplies of flour and grain from other countries, as they anticipated a period of even greater scarcity. The Government spent £8000 in actual purchases, and gave a guarantee to the flour dealers that they should suffer no loss on their importations if the price of grain fell. Under these conditions considerable stocks of flour and rice were

imported, and the authorities felt secure until the drought conditions should terminate. Grain, however, became so scarce in New South Wales that agents from that colony came to secure a supply from South Australia, but the Governor became so much alarmed at the prospect of a depletion of the stocks, which he had been at such pains to gather, that he authorized the imposition of a duty of 1s. per lb. on all grain or flour exported from South Australia, and by this means exportation was entirely prevented. This was in September 1839, when flour was selling in Adelaide at from £65 to £75 a ton, and the quartern loaf at 3s. Under the prohibition of export the price of flour fell to £55 and £60 a ton in November 1839, and at this price it remained during the early months of 1840. Prices would have fallen to a normal level during the latter part of 1840, but they continued high, as the utter failure of credit in that year greatly affected importation. Naturally the poorer classes were unable to obtain wholesome bread with flour selling at 9d. per lb. wholesale, and the quality of bread sold in Adelaide during the time of high prices was of a very inferior description. As the supply of water was also greatly affected by the drought, there was considerable suffering from dysentery amongst the poorer population and children of all classes.

The encouragement given to agriculture by Grey produced a speedy effect upon prices. The 2-lb. loaf, which at one time in 1840 cost 2s., was sold for 10d. in 1841, and for 5½d. in 1842 and 3d. in the following year; fresh butter fell to 1s. 1d. per lb.; cheese to 9½d.; vegetables became plentiful; and potatoes fell from 34s. a cwt. in 1840 to 22s. in 1841, and to 6s. 4d. by 1843. The price of meat was also much reduced. In 1840 beef sold for 1s. 2d. per lb., in 1842 it was 5½d., and in 1843 only 3d.; sugar was 3d. per lb. in 1843 and tea 3s., which was reduced to 2s. in 1844. The average price of wheat remained at 3s. a bushel during 1844 and the first half of 1845; this was the lowest figure touched during the period. There was a sudden rise in prices in the latter part of 1845 owing to

over-exportation, and from 1846 to the end of the period prices ranged between 3s. 6d. and 4s. 9d. a bushel. The period of stable prices came to an end in 1851 owing to the demand created by the gold-seekers in Victoria. In the first three weeks of June 1851 flour rose from £17 to £28 a ton, and the quartern loaf, which had cost 6d., became 1s., though the price fell again to 9d. later in the year. The price of fresh butter rose likewise to 1s. 10d. per lb. in June 1851 and of beef to 4d. Other important changes took place, but the consideration of these will be taken up in the discussion of the next period. The price of clothing was somewhat less in Adelaide than in Sydney during the whole period, but not so much as to call for special attention. As nearly all articles were imported ready-made, it is reasonable to suppose the difference in price denoted rather a difference in quality than in value.

The rent of a workman's dwelling in 1843 was usually about 2s. 6d. or 3s. a week; after 1845 rents began to increase somewhat rapidly, so that in 1849 for a place of four rooms, including the kitchen, 6s. to 8s. a week was demanded.

VIII

FINANCIAL CRISIS OF 1841, 1842, AND 1843

AT the beginning of the third industrial period the commerce of New South Wales was increasing very rapidly, and, tested by the usual standards applied to such cases, the colony appeared to be in a very prosperous condition. The imports of 1839 exceeded in value those of 1838 by £650,000, and, in spite of the declining price of wool, the value of exports was increased by £146,000. But to a critical observer the character of the imports must have appeared significant of danger, for they consisted to a very considerable extent of articles of personal luxury. Carriages, jewellery, and, above all, wines and spirits, bulked largely amongst the imports, the value of which vastly exceeded that of the exports, the respective figures for 1839 being, imports £2,236,371 and exports £948,776. In after years it was customary to declaim against this import as an unmixed evil, but such was not the case, as a fair proportion represented a genuine gain to the country, being new capital sent out to Port Phillip, where settlement had begun in earnest in 1839. The prospects of the new colony appeared so attractive to English capitalists that they came in large numbers and purchased extensive areas for immediate occupation. The sale of land went on vigorously, and the proceeds of the sales, both at Port Phillip and in the older settlements, poured into the Treasury at Sydney, and made immigration on a large scale possible.

The inflow of immigrants held out to the capitalists the

promise of abundant labour, which would enable them to use their capital profitably, and encouraged them to further investments. In July 1839 the Governor described the condition of the whole colony as "one of unexampled prosperity"; nevertheless it must have been plain, to a more discerning observer, that much of what appeared to be prosperity was merely a discounting of the future, in such a manner as would necessarily cause an injurious reaction later on. Speculation was rife in every branch of business, and in none more markedly than in land transactions. The Government in England had, however, more than a glimmering of the true condition of affairs, and in 1838 Gipps was instructed by the Secretary of State to raise the minimum price of land from 5s. to 12s. an acre. The object of this was not to obtain more revenue, but to restrict sales, so that attention might be directed to the development of land already sold. That the English Government was in earnest in this matter is plain from the fact that Gipps was instructed, in the event of this step being insufficient to restrict purchases, to adopt such other means as commended themselves to his judgment. Gipps gave notice in January 1839 of the increase in the minimum price of Crown lands, and at the same time announced that the change would affect all lands unsold at the date of the notice, notwithstanding the fact that such lands might have been advertised previously at the minimum of 5s. per acre. Considerable pressure was brought to bear on Gipps to alter this arrangement, which he unwisely agreed to do, making the proclamation apply only to lands that had not already been advertised for sale. As Gipps himself and all other reasonable persons anticipated, there was a rush, principally of speculators, to obtain all the land available at the lower price, comprising about 300,000 acres. The greater portion of this area was sold during 1839 and the balance during the following year, while the higher-priced land of the same character remained almost entirely without purchasers, even when the cheaper land had been disposed of. The neglect of the country lands,

except those at 5s. per acre, was more than made up for by purchases of town allotments, in which, during 1839 and 1840, there was a rage for speculation amounting almost to a mania. In the old settled portions of New South Wales the average price of town allotments rose from £29 per acre in 1839 to £69 per acre in 1840, and in the Port Phillip district, where the policy was pursued of bringing into the market only such portions of land as the Government thought fit, the average price advanced from £138 to £488 per acre. The revenue from land sales, which amounted to £131,000 in 1838 and to £152,000 in 1839, rose during the first ten months of 1840 to £313,000, but this represented only a small part of the transactions, as it was not only, or chiefly, in regard to Government land that the speculative mania showed itself. The purchases from Government were made to a considerable extent, especially in the Port Phillip district, by land jobbers. The newly arrived settlers were usually too impatient to select land in the ordinary way and wait the time required for survey, charting, and auction. They sought land for immediate possession, whether for use or speculation, and numerous private sales were held, at which they were the principal purchasers. There are records of allotments in Melbourne sold by the Government in 1837 fetching within three years eighty times the sum originally paid for them, and suburban lands twenty-five times.

In some cases subsequent events seemed to justify this extraordinary advance, but the noble proportions attained by Melbourne after the gold discoveries could not have been foreseen in 1839. Nor was the mania for speculation confined to urban lands, for country lands changed owners, if not at the same prodigious increase in the selling price, certainly at rates far beyond their economic value, and an increase of two or three hundred per cent in two years was not uncommon. The conditions of sale lent themselves to speculation. The Government sold its lands for 10 per cent cash and the balance within a month, but private sales were generally on terms of

credit, sometimes extending over five or seven years, the outstanding amounts bearing interest at the rate of 10 per cent or even more. Thus at a sale in March 1838 the terms advertised were, "£1000 cash deposit, £500 at six months, £500 at twelve months, £500 at eighteen months, £500 at twenty-four months, £1000 in three years, £1000 in five years, £1000 in seven years, the three last secured on the property and bearing interest at 15 per cent." The wide extension of the credit system had an immense effect upon prices; indeed in the terms just quoted the only unusual feature was the immediate payment of so large a sum as £1000. In most of the advertisements of sales during 1839 and 1840 the terms were cash for sales under £30, and above that sum approved bills, bearing interest usually ranging between 10 and 15 per cent. Naturally the system led to a great inflation of prices and a wild extension of credit, and speedily the only things for which cash was commonly paid were Government land and town labour. As Sydney was the headquarters of trade and finance, business men there naturally took a leading part in forwarding the boom that was in progress. The banks were flooded with bills, to what extent may be gleaned from the fact that in 1841 the total assets of the banks in New South Wales amounted to £3,050,000, and of this sum discounted bills stood for £2,610,000. It was commonly said that, in proportion to its population and commerce, a larger amount of bills was in circulation in New South Wales than in any other part of the world.

In 1839 the total amount of coin in the colony was estimated at £536,000, of which £516,069 was in the Treasury and the banks, but in 1840 the amount had decreased to £397,581. The sum was entirely inadequate to the commerce of the country, and as the amount of bank-notes in circulation was only £180,000 in 1839, and £205,000 in 1840, cash transactions were impossible. Meanwhile capital poured in from England in an increasing flood. In 1834 there were only two banks in the colony which had between them a paid-up capital of £84,321.

In 1836 the Chartered Bank of Australasia was formed, having its headquarters in London with branches and its principal business in the Australasian colonies, and in 1839 the Union Bank of Australia was founded upon the same lines. Both these banks were mainly financed by British capital, though the Union Bank reserved one-fifth of its shares for colonial subscribers. A local institution called the Sydney Bank was also opened in 1839. In 1840 there were five banks in the colony with a paid-up capital of £1,300,875, which was increased during the next four years to £2,300,955. Several of the banks had branches in the other Australian colonies, but the great bulk of their capital was employed in New South Wales, and was far larger than could be used with advantage. The two English banks were precluded by their charters from taking mortgages, but in the circumstances of the case this did not make for safety as their money was employed in discounting bills arising out of land transactions, and on every side there existed a fatal facility for obtaining credit.

The prosperous years from 1834 to 1838 had attracted the attention of the British investors to Australian investments, and, eager to obtain the 10 per cent which was regarded as the normal rate of interest in Australia, they poured their money into all sorts of ventures. Assurance companies, loan and mortgage companies, and numerous other commercial enterprises were established and financed from the United Kingdom. Business was run on most dangerous lines, and imports ceased to be limited by the requirements of the local merchants; London merchants, anticipating the demand for goods, sent out large speculative consignments to be sold by auction on their arrival. A casual inspection of the list of goods imported into Australia at this period is sufficient to show that a large part of the goods sent out were such as could be consumed only by a population living in reckless extravagance. Luxury and waste were to be seen on every hand; the merchants and landowners vied with one another in prodigal and unaccustomed expenditure. The working

classes, unused to wages approaching those they were receiving, spent a great part of their money without a thought of the morrow, and largely upon intoxicants. Nor was Melbourne one whit behind Sydney in its profusion. Sir George Gipps, in picturesque exaggeration, declared the country round Melbourne to be "strewn for miles, almost hundreds of miles, with champagne bottles."

There were very few of the commercial houses in Sydney, whether large or small, which did not carry on their business with borrowed money, for which they paid a high rate of interest. All the banks, at the beginning of the period, gave interest upon sums deposited with them at rates varying from $2\frac{1}{2}$ to 4 per cent. on current accounts, and up to 7 per cent on deposits fixed for three months. Discount rates had therefore to be proportionately high, and these ranged from 8 per cent for short-dated bills to 12 per cent and over for bills with long currency, while private lenders asked and obtained higher rates. A great many merchants used money obtained from their business for transactions in land and live stock which were little, if in any way, removed from gambling. They were aided and abetted by the banks, which made hardly any distinction between the prudent and the imprudent amongst their customers, being willing to lend to all provided the interest agreed upon was high. Borrowers on their part were not to be put off merely because the interest demanded was high, and in many cases, as Gipps pointed out, the rates of interest charged could never have been agreed to except by persons "to whom it mattered little in the long run whether they promised to pay 5 per cent or 15."

Such recklessness was bound to lead to disaster within a short period, even without the hastening impulse of a change in external conditions. That impulse was not, however, wanting. In 1839 the position of the banks in England was such that good bills at the Bank of England were at a discount of 6 or 8 per cent, and it became necessary to borrow largely from the Bank of France. In these circumstances the natural tendency was for money to be

withdrawn from external enterprises. The flow of English capital to Australia was abruptly checked, and about the middle of 1840 there was a tightness in the money market in Sydney which grew more pronounced towards the close of the year; one of the most striking signs of this was the sudden contraction in the Government land sales which had depended greatly upon a supply of English capital.

The credit of Australia as a whole was also injuriously affected in London by the condition of the newly established model colony of South Australia, concerning which information in England was very full and the interest taken very keen. The bankrupt condition of the South Australian Government, and the untoward position of investors in South Australian land, caused grave misgivings to be entertained as to the safety of land investments in other parts of Australia. Unfortunately, there was only too grave occasion for these forebodings by reason of the severe drought that affected the eastern parts of Australia from 1838 to 1840, involving the complete failure of two harvests in succession. The older colonists had not been without warning that the country was subject to periodic droughts, but the majority of the recent immigrants had no practical acquaintance with the extremes in meteorological conditions which they were about to witness. The harvest of 1838-39 was a failure so complete that the settlement was virtually destitute of supplies. In March 1839 wheat rose to 18s. the bushel, during the whole of the year the average price was 17s., and good flour brought £44 : 16 : 8 per 2000 lbs. Little relief could be obtained from Van Diemen's Land, where the harvest, though it had not been an absolute failure, was still very scant. At certain periods of the year there was a veritable bread famine and hopes were centred in the maize harvest, but these hopes were unfulfilled as the maize crop failed also, after having given early promise of being abundant. The failure of the harvest of 1838 had been foreseen, and ships had been despatched to Chili for grain in October and November of that year, but they could not obtain supplies,

as the maximum which they had been authorized to pay was below the market price in Valparaiso. The rations of flour and bread given to convicts and other servants were reduced and in many cases abandoned, and substitutes employed. In April 1839 wheat was 20s. a bushel, and for maize, which sold usually at 2s. 6d. or 3s. a bushel, 12s. was demanded; other agricultural produce was equally dear: hay cost £20 a ton, and fresh butter and vegetables were almost unknown. In anticipation of arrivals from Valparaiso and India, wheat was selling for a short time in July 1839 at 13s. a bushel, but in August it had risen to 25s. or 30s. with flour at 75s. to 80s. per 100 lbs., and the 4-lb. loaf at 2s. 6d. to 2s. 8d. In September and October prices were somewhat lower, wheat being purchased in Van Diemen's Land in the latter month for the Sydney market at 20s. a bushel, and the price of the 4-lb. loaf fell to 1s. 8d.

In this condition of affairs the Government was not unmindful of its obligations to the settlers, and entered into an agreement with certain merchants for the importation of 100,000 bushels of wheat from India and 50,000 bushels of rice from Java. The failure to obtain supplies from other sources was not then known, otherwise a much larger quantity would have been contracted for. The arrangement was for the Government to purchase all the wheat at 7s. 6d. per bushel if, at the time of the arrival of the shipment, the rate in Sydney was below the price named. It was expected that this supply would arrive in time to relieve the scarcity, but the ships carrying it did not reach Sydney until the harvest of 1839 was on the point of being gathered. The price of wheat dropped below 7s. 6d., and the Government had to accept the consignments at that rate. There was for a short period a spell of low prices, but the New South Wales harvest again failed, and though the crop in Van Diemen's Land was better, prices remained high. In May 1840 the Government was selling flour, through the committee of the Benevolent Society, to the poorer classes at cost price.

Taking the year 1840 up to October, when another harvest was well in sight, the average price of wheat in Sydney during the year was 11s. 7d. per bushel, and of flour a little over £32 per 2000 lbs., having been reduced by supplies from Valparaiso as well as from Van Diemen's Land. With the coming of November the great drought was over, and prices fell back to their ordinary rates.

The occurrence of a drought in Australia was not such an unusual phenomenon as to call for special narration, although that of 1838 to 1840 was one of unusual severity, and is here noteworthy only because during the whole period that it lasted the rage for land speculation ran its unconsidered course. Previous to the drought the value of grain imported into New South Wales was from £60,000 to £70,000 a year, but during 1839, 1840, and 1841 it averaged £233,000, and the uncertainty and irregularity of the supply led to much reckless speculation. The supplies were drawn largely from India, South America, and Java, countries in which Australia's only produce, wool and oil, were not marketable, and there was a considerable export of specie on this account—a serious matter to a community in which it was already scarce. To add to the difficulty of trade, the price of wool fell from 2s. per lb., which was the average of 1836, to 18d. in 1837, and 14¾d. in 1839; prices rose again to about 16d. in 1840, but during the remainder of the period they ranged between 14d. and 10½d. per lb. The likelihood of this reduction was not foreseen by pastoralists, whose calculations were based on a continuance of a rate of 2s. per lb.

Much has been written of the disastrous effects of the stoppage of transportation upon the labour market and upon the general business of the settlement; it cannot, however, be said that this was a primary cause of the troubles of the times. Undoubtedly the cost of labour was increased, but the supply of labour by immigration during the three critical years of 1839, 1840, and 1841 was greater than transportation had ever furnished during any similar period. The chief immediate effect of the

cessation of transportation was upon the currency, which was drawn upon largely to meet the demands of a trade marked by a large excess of imports, and was not replenished, as it had been heretofore, out of the annual subvention of about £200,000 received from the British Treasury. At this point it will be useful to consider the question of the amount of coin available for the business of the country during the period under review. The amount in the hands of the Government and the banks is shown by the following figures :

Year.	Amount of Coin at			Total Coin.
	Colonial Treasury.	Military Chest.	Banks.	
	£	£	£	£
1836 . .	218,630	..	209,090	427,720
1837 . .	245,250	..	182,182	427,432
1838 . .	163,000	..	357,127	520,127
1839 . .	124,100	..	391,969	516,069
1840 . .	38,900	49,151	309,529	397,580
1841 . .	25,000	10,000	427,624	462,624
1842 . .	..	32,409	442,980	475,389
1843 . .	..	3,000	420,972	423,972
1844 . .	..	11,000	548,923	559,923
1845 . .	20,000	54,315	780,850	855,165
1846 . .	25,000	121,173	681,132	827,305

These amounts represent the coin not merely at Sydney, but at Port Phillip and elsewhere where banks were established. It is obvious from an inspection of the statement just given that 1840 was a very critical year. During the first quarter there were premonitory signs of financial stress; before the year was half expired the banks had begun to restrict their discounts and the Sydney money-market became depressed; but the public as a whole were blind to coming troubles, and it was not until December that the continued difficulty in obtaining discounts attracted special notice. One important firm of grain dealers which had been speculating largely had then become bankrupt, others were in difficulties, and at the end of the year the banks had in their hands a very large amount of overdue paper. According to the *Australian*, a considerable

quantity of "very good paper" was offering at from 25 to 40 per cent discount, but there was such a scarcity of cash that it was difficult for the less influential traders to obtain accommodation. During October and November 1840 English Treasury bills bore a premium of 5 per cent, but the ability of the commercial community to take these bills had lessened to such an extent that at the end of December the premium had fallen to $1\frac{1}{2}$ per cent.

The historians of the period, and those who have followed their accounts of these transactions, have not scrupled to lay the blame upon the Governor for precipitating a crisis by an unwise management of the financial business of the colony. It has been very confidently asserted that the large balances kept by the Government at the banks conduced to the very liberal discounting which had been common, and that Sir G. Gipps's action in demanding interest at 7 per cent upon certain deposits had compelled the banks to employ the money, even at a risk, in order to recoup themselves. There is, however, little truth in these assertions. Until 1840 it had been customary for the larger part of the Government revenue to be retained in coin in the Treasury vaults, and for a current account to be maintained at the banks, $2\frac{1}{2}$ per cent interest being paid on the balance at credit. These balances averaged during 1836, 1837, and 1838 about £105,000. The Government commenced the year 1839 with a balance of £90,000 distributed amongst five banks in Sydney and two branch banks in Melbourne, and closed with about £75,000. In 1840 Gipps reversed the practice of the Government and allowed the money in the vaults of the Treasury to be drawn upon, thereby increasing the balances with the banks. He did this, of course, for the sake of the interest obtainable, and at the instance of the banks themselves. In February 1840 the balance of the Government with the banks was £66,500, increasing to £126,000 in May, to £188,000 at the end of June, and to £281,000 in July. This was the largest sum to the credit of the Government up to that date. In July 1840, as before mentioned, the

banks' customers were already experiencing difficulty in obtaining accommodation, and in November, at which time the Government balances still remained at their highest level, the financial pressure was beginning to be acute. It is obvious, then, that the Government in regard to its balances had neither first contributed to reckless discounting nor by untimely withdrawals brought on the initial difficulties which expanded into a grave financial crisis. In January 1841 Gipps rearranged the terms of the deposits, and fixed £75,000 with the five banks with which he did business, on special deposit at 7 per cent, the balance remaining at call bearing $2\frac{1}{2}$ per cent interest. This transaction did not diminish the resources of the banks, although it enabled the enemies of the administration afterwards to say that the Governor had exacted the last penny of interest. During 1841 the land revenue declined very greatly; only £90,387 was obtained from this source compared with £316,626 in the previous year, but the obligations of the Government in regard to bonus payments for immigrants had vastly increased. The Governor was compelled to draw upon his balances to meet this expenditure, and between November 1840 and the same month of 1841 the deposits of the Government were reduced by a quarter of a million, so that little more than £30,000 remained. The first care of the Governor was necessarily for the obligations of his Government, but his withdrawals were not made suddenly, nor were the banks under any misapprehension as to the length of time during which the Government money would be available. At the beginning of 1841 the total deposits in the banks amounted to £1,123,636, more than one-fifth of which belonged to the Government; and in anticipation of the withdrawal of the Government money some of the banks took what steps they could to meet the emergency. But no steps could avert disaster. Before the Government had reduced its deposit by even a penny, that is to say at the end of 1840, the whole mercantile community of Australia was involved in difficulties. Few bills were met on maturity, and it was

openly declared in the Sydney newspapers that if the English rule as to bills which were not honoured had been followed, one merchant in three would have been declared bankrupt.

The following statement of the liabilities, mainly on account of deposits and note issue, coin in stock, notes and bills discounted, and assets of the banks, is at this point worth attention :

Year.	Quarter.	Liabilities (deposits, notes, etc.).	Coin.	Discounts.	Assets.
		£	£	£	£
1841.	First	1,405,371	342,137	2,615,299	3,001,323
	Second	1,393,124	384,087	2,616,488	3,050,208
	Third	1,336,906	388,570	2,588,629	3,026,533
	Fourth	1,337,312	379,713	2,582,203	3,009,616
1842.	First	1,241,523	474,645	2,430,027	2,969,215
	Second	1,222,657	488,865	2,428,535	2,969,761
	Third	1,277,414	476,018	2,562,467	3,084,163
	Fourth	1,292,315	433,497	2,625,172	3,151,141
1843.	First	1,158,662	428,164	2,340,222	2,819,335
	Second	1,076,319	380,066	2,276,831	2,718,507
	Third	1,009,506	393,312	2,000,809	2,452,041
	Fourth	1,005,234	417,139	1,919,065	2,393,750

It will be observed that, as regards the liability for deposits and notes, the decline during the year 1841 was much less than might have been supposed from the withdrawals on Government account and those by the Australian depositors, which indicates the extent of the support given to the Bank of Australasia and the Union Bank in England. It will also be seen that more than half the assets of the banks were derived from their own resources, which accounts for the manner in which they passed through the crisis and were enabled to carry the load of renewed bills indicated in the last column but one of the table.

The volume of goods imported during 1840 would have been far beyond the requirements of the consumers under the most favourable conditions, but in the bad state of trade at the beginning of 1841 there was a complete glut, and there naturally ensued a struggle on the part of holders

to dispose of their stocks. Where the goods had been sent out on speculation, the usual procedure of the shippers was to draw bills on the person to whom the goods were consigned for two-thirds of their value, and in order to meet these bills it became necessary very often for the consignees to sell the goods at auction for what they would fetch. This course was greatly resorted to during 1841, and as the sales were genuinely without reserve, prices fell away, the regular merchant was completely undersold, and ordinary business demoralized.

Very few persons had discernment enough to see that a serious crisis was at hand. It was confidently asserted that the "pecuniary disarrangement" would soon adjust itself; meanwhile the Press exhorted the banks to give as much accommodation as possible, and thus enable matters to right themselves. The more important merchants did receive accommodation from the banks, of which many of them were directors and shareholders. In many instances these transactions passed the limit of prudence, and in the case of several banks their funds, as was afterwards discovered, were used by directors for the benefit of themselves and their friends.

Financial embarrassment was by no means confined to the mercantile community, the landowners suffering not less than the merchants. In 1838 and 1839 such agriculture as was attempted had failed and the natural pastures had perished; sheep and cattle had died in large numbers for want of food, the condition of the survivors was poor, and the stock-owners were under material expense in providing them with food. The price of labour was rising, and most serious of all was the decided decline in the price of wool to which allusion has already been made. From no point of view was there any pleasing prospect before the pastoralists, who, early in 1841, began to feel most acutely the lack of a market for their surplus stock. During the year 1837 and the three succeeding years the stocking of the Port Phillip district, and to a smaller extent of South Australia, together with the development of the western

and northern portions of the Sydney district, had provided them with an excellent market for their stock, and prices had been very high. In August 1839 the *Port Phillip Gazette* reported that "the arrival of capitalists within the last few weeks had raised the price of stock to an unprecedented degree. Sheep were selling at 35s. to 40s. a head, horned cattle for £10 to £12, and the commonest hacks realized from £50 to £70." The market for stock collapsed utterly in 1841, when English capitalist settlers ceased to arrive and land was no longer in demand. The landowners were in the position of men with large possessions for which there was absolutely no demand. Many of them were deeply indebted to merchants in Sydney, but their most serious difficulties arose from their indebtedness on account of land, and the majority of them found it difficult to meet even their ordinary engagements. In the Sydney district the old settlers had been the chief purchasers of country lands, and, having their capital already sunk in their holdings, had, in order to make further purchases, obtained advances from the banks at about 10 per cent. This rate, which had appeared not unreasonable in the era of high prices and good markets, became exorbitant in the conditions in which the borrowers now found themselves. Where the banks were able to secure themselves by mortgage they did so, and in 1838 the mortgages on land registered at Sydney amounted to £248,891, and at Port Phillip to £17,260; two years later the amounts registered rose to £514,741 and £134,445 respectively, figures which may be taken as giving some indication of the source from which Government land revenues had been obtained.

In 1841 there arrived in Sydney the emissaries of two companies formed in England for the purpose of lending money in the colony upon loan or mortgage. Their operations were confined to the Sydney district, where, during 1841, the amount of mortgages registered was doubled. Such an improvident readiness to incur liabilities unjustified by the existing state of trade could only

have one ending, and the road to disaster was made certain by the action of the British Colonial Land & Bank Company, one of the two companies just referred to. This Company had very little capital actually at its disposal in the colony, but so desperate were some of the landowners to obtain accommodation that the Company's agent was able to persuade them to mortgage their lands for a small amount in cash, accepting the Company's debentures for the balance, on the assurance that a ready market would be found for them in London. Acting on this assurance, a large amount of these debentures were sent to London, in the expectation that the proceeds of their sale would be available to take up bills that had not otherwise been provided for. These debentures proved unsaleable, the bills remained unpaid and were returned to Sydney, charged for re-exchange at the usual rate of 25 per cent. The news produced the greatest depression in Sydney, many foreclosures were made, and many more threatened.

In order to relieve the situation generally, and particularly the pressure on debtors, a new Bankruptcy Act, drawn up by Judge Burton, was passed by the Legislative Council, and came into force on 1st February 1842. It allowed voluntary bankruptcy, and protected a debtor who surrendered his estates for the benefit of his creditors. Its immediate effect was to lead to the avowed bankruptcy of large numbers of persons who had been really insolvent for some time. Before three weeks had passed, sixty persons had declared themselves insolvent; most of these, however, were men of little standing, and the amounts involved unimportant. But before long many of the larger traders made up their minds to the inevitable, and by 4th August, that is, during the first six months of the operation of the new Act, there were 392 insolvencies, involving liabilities to the extent of £1,250,000, individual cases ranging from small amounts to many thousands of pounds, the largest failure amongst them being for £175,235. The failures went on in a seemingly unending stream, the total for the eleven months of 1842 being 600. The

classes most numerous represented were farmers and graziers, merchants and storekeepers, but all sections of the community were included, even ordinary labourers. Many of the estates showed good assets, but as property of all kinds was forced into a market from which credit had entirely disappeared, prices were absurdly low, and very few estates paid any dividends at all. At the beginning of 1843 a slight improvement was shown, and hopes were expressed confidently that the worst was over. The number of new insolvencies in each month from January to June was from 24 to 35 as against an average of about 55 in 1842. The failure of the Bank of Australia, however, put an end to such hopes, for it was a local institution of unlimited liability, and it numbered amongst its shareholders many of the best-known merchants and landowners in the colony. It owed more than a quarter of a million, besides losing all its capital. In the same month the Bank of Sydney also failed. All the directors had overdrawn their accounts, some of them for comparatively large amounts, and the periodic statements of the bank were falsified to conceal these operations and dispel the rumours current as to its instability. The two chief officials of this bank were prosecuted for their connexion with these false statements. The only other bank that failed was the Bank of Port Phillip, but all suffered severe losses.

On 1st May 1843 there was a run on the Savings Bank, but it was met successfully, the bank being kept open beyond its usual hour in order that persons might withdraw their money. The run was occasioned by an unfounded report that the Governor had declared most of the bank's securities to be bad. The doubts of the public were dispelled by the action of the trustees, who asked the Governor to appoint an impartial committee to investigate the books, examine the securities, and report on the management. The report of this committee led to the reconstruction of the bank, and the promulgation of strict regulations as to the control and investment of the funds at its disposal.

The liquidation of the estates of bankrupts threatened to end in a fiasco. Owing to the destruction of all credit, cash alone would be accepted at sales, and as this was extremely scarce, prices were merely nominal. Carriages and horses sold for a few pounds, sheep at most fetched only from 5s. to 7s. each, on some occasions the price being as low as 2s., and even 6d., and other stock were sold at like absurd prices. Under such circumstances special arrangements were demanded to enable the Bank of Australia to liquidate its assets, and Wentworth presented a Bill to the Council empowering the bank to dispose of its assets by a public lottery. No attempt was made to defend lotteries in general, but it was contended by the promoters of this legislation that if the goods of the proprietors of the bank were seized under execution, the bailiff would be seen in possession of one house in every ten in Sydney, and the result would be a panic which would altogether destroy the value of property. Under pressure of such an argument as this the "Lottery Bill" passed, but was disallowed by the British authorities. The necessity of the case was so urgent, however, that the lottery took place, and was successfully completed before the law officials of the Crown could interfere to prevent it.

The assets of the bank consisted very largely of properties held under mortgage which were foreclosed on when the bank got into difficulties. The result of this was seen in the mortgage registrations which became reduced by foreclosures from £1,055,080 on the Sydney register in 1843 to £300,000 in the following year, and from £270,413 to £48,658 in the Port Phillip district. Such a wholesale transference of property, from the hands of persons deeply indebted, was doubtless the only possible remedy in a desperate situation, and had the effect of clearing the commercial horizon; but the process was very bitter for the debtors, the majority of whom were ruined, since property realized but a small portion of the amount for which it was mortgaged. In August 1843 Gipps reported that "persons with colonial property only (live stock or land) wherewith

to meet their engagements were being driven in crowds to the insolvency court. Real property was scarcely saleable at any price and chattels were at one-third to one-half of their price in 1840."

The Bankruptcy Act brought out strikingly the seamy side of commercial life in the colony. Numbers of bankrupts concealed their assets or parted with their property fraudulently before going through the Bankruptcy Courts. The number of bankrupts was swollen by the names of those who went through the Court two or three times, regarding the process merely as a preliminary to a fresh career of reckless trading. The crisis laid low many mercantile houses which had proudly dated their establishment from the foundation of the settlement, and whose credit had hitherto been undoubted. One effect was to wipe out a number of successful emancipist traders, whose gains disappeared even more rapidly than they had come. All the companies that had originated during the "boom" period, with the exception of the gas and assurance companies, proved failures, partly from improvident management, but partly from the absolute commercial and speculative apathy which the public evinced in the years following the crisis.

Gipps was of opinion that the crisis would have to run its course, and that it could not be stayed by legislation. In this he differed from his Legislative Council, whose members made various proposals to bring about a renewal of confidence. Chief amongst these were two measures that aimed at making property, real and personal, a readily available instrument of credit. The one sought to apply to New South Wales the principles of the Prussian land bank-notes. This Bill provided that landowners might obtain from the Government, on the security of their property, land notes to one-half the value of their estates. These notes were to be guaranteed by the Government, their use as money was to be legalized, and to ensure their circulation it was provided that half the consideration paid for Government land should be represented by Govern-

ment notes at their face value. The Legislative Council passed the Bill, which was reserved by the Governor and disallowed by the British Government. It is obvious that the Bill, if it had been assented to, could have had no effect in "stemming the tide of disaster," to use a favourite expression of the time. The merit of the Prussian system was that it formed a means for developing backward estates, and providing a secure form of currency of limited amount which was at the time much needed ; but the New South Wales proposal, if it had any effect at all, would have enabled landowners to retain properties which they would have been unable to work, and which in very many instances were mortgaged for a far larger sum than half their fair value. The addition to the circulation which the scheme was designed to afford would have been very slight ; land sales were practically suspended, and it would have rested with the banks to keep the notes in circulation. To do this would have been contrary to their interest, as it would have limited the circulation of their own notes, while the business of making advances, which it was proposed the Government should undertake, would also have cut into an important part of their business.

The Legislative Council believed that the Bill which they had passed would "avert ruin by pledging the public credit," but it was quite clear that the public credit was only to be pledged to avert ruin from the landowners, who had so largely contributed to bring about the financial chaos into which the country was plunged. The development of the industries of the colony along their natural lines was proceeding very satisfactorily in 1836, but the colonists were not content to grow prosperous in such a humdrum way, and, as already mentioned, the crisis was led up to by intense speculation in land allotments in the towns. The contagion of speculation soon spread to the country districts, large and small areas of country lands were disposed of and redispensed of at prices far beyond what was warranted by any return that could be obtained from their immediate or prospective use, and many persons

grew rich by the mere tossing backwards and forwards of title-deeds. This Gipps knew very well, and was little disposed, even if he were able, to bolster up false land values by "pledging the credit of the country" as his Council wished. Other proposals, some of them most fantastic and chimerical, were made to avert ruin, but none blossomed into legislation, and the Council was driven back to common sense and a reliance on the recuperative power of the colony, which was not lost because a large number of speculators were ruined.

Wentworth saw that many of the difficulties of the genuine settlers were due to the application of principles of law not adapted to the conditions of the colony. He saw that great relief would come to the settlers if they were able to mortgage their movables, and he accordingly introduced a measure legalizing preferable liens on wool and mortgages on live stock. This was contrary to all English precedent, and would have been disallowed if the condition of affairs in Australia had not been so desperate, but the Act was passed in September 1843, and was immediately attended with very beneficial results. It was contrary to all English precedent to allow a mortgage on movables, and Lord Stanley wrote in October 1844 that it was "a measure so irreconcilably opposed to the principles of legislation immemorially recognized in this country regarding the alienation or pledging of things movable, that under any circumstances than those in which the colony has been unhappily involved, it would not have been in my power to decline the unwelcome duty of advising Her Majesty to disallow it." He regarded it as a law "which will place society at the mercy of any dishonest borrower, and which will stimulate the speculative spirit which it is so important to discourage." He stated that if not repealed in the colony it would be disallowed by the Queen. Stanley's opinion as to the injurious effects of the measure received no countenance whatever from its actual results, and the Colonial Legislature was able to overcome the scruples of English lawyers

and to maintain the statute, which remains in beneficent operation.

Fortunately the colonists did not sit down and wait for the legislature, and many practical expedients were adopted to tide them over the difficulties of their situation. Chief amongst these was the discovery of the use that sheep and cattle could be put to as tallow produce.

In the middle of 1843, when the price of sheep was sinking so rapidly that men hesitated to fix the possible minimum above zero, Henry O'Brien of Yass recalled the Russian method of boiling down surplus stock for tallow alone. He found that the tallow obtained from a single sheep was worth about 5s. or 6s., and as there was always a good market for this produce in England, the minimum value of a sheep was thus fixed. Many commentators on the times speak of tallow as having saved the country. Such was not the case. Boiling down was not resorted to very extensively; in 1844 there were forty-four boiling-down establishments, and the tallow made was 48,758 cwt., representing the produce of about 350,000 sheep. There was no steady or rapid increase during the period of depression, and the maximum production was reached in 1850, long after the crisis had passed, when about 1,700,000 sheep were slaughtered for their tallow, the produce being 233,757 cwt. It is a remarkable fact that, notwithstanding so large a slaughter, the flocks of the colony were increased in the same year by nearly a million sheep. The value of the discovery lay, therefore, more in its effect upon men's minds than in the actual use to which it was put.

One of the first effects of the crisis was to stop the demand for land, the revenue from this source falling from £90,387 in 1841 to £14,574 in 1842, £11,297 in 1843, and £7402 in 1844; these sums were obtained chiefly from the sale of town allotments. A strong effort was made to induce the Government to go back on its policy and reduce the price of country lands to 5s. per acre; but Gipps remained firm, and declined to yield. He very justly pointed out that there could be no genuine demand for

land for settlement purposes, as there was much private land to be obtained at a price even less than 5s. an acre, land that was already cleared and ready for occupation.

After 1840 there was an immediate decline in the value of imports, which shrank from £3,014,189 in 1840 to £2,527,988 in 1841, £1,455,059 in 1842, £1,550,544 in 1843, and reached its lowest point in 1844 with £931,260, when, for the first time in the history of settlement, the imports were exceeded by the exports, which were valued at £1,128,115. The value of the imports rose in subsequent years, but in 1850 it was still a million short of the figures attained in 1840. This diminution was due mainly to the stoppage of the inflow of English capital, but some part of it may be set down to a revival of productive industry within the colony. During the boom period when a large part of the population were engaged outbidding one another for lands they had never seen, and of the commercial value of which they were in complete ignorance, productive pursuits were suspended, but the chastening rod of adversity recalled the settlers to their senses, and they immediately turned to the pursuits they had neglected to follow the *ignis fatuus* of speculation. But though the development of the colony was thus proceeding on sound lines, commerce did not recover itself during the rest of the period, but remained depressed and stagnant until it was revived by the gold discoveries.

In Van Diemen's Land at the beginning of the period the general condition of the settlement was unsatisfactory, and the revenue obtained from the public estate very small. The latter, which was simply a symptom of the former, Sir John Franklin attributed to two causes: the fall in the price of wool, which had affected the pecuniary position of the inhabitants, and the fact that the most valuable tracts of land had already been sold or granted. That land speculation had ceased is evident from the fact that in 1838 the revenue from sales amounted to £5489 only, but it is hardly to be supposed that the loss for two or three years of £40,000, which the fall in the price of wool

represented, could greatly have retarded the progress of the colony. The general unsatisfactory condition of Van Diemen's Land was to be attributed to the exodus of settlers to the Port Phillip district, by which the island was drained of many of its most enterprising colonists, and a large portion of its capital. Thus in the six years 1837-42, it is estimated that about £1,500,000 in goods and live stock left Van Diemen's Land for Port Phillip without any return. In two of these years, however, Van Diemen's Land received compensation from New South Wales in the shape of very high prices for its grain. The crops of these years had completely failed, and though in 1838-39 Van Diemen's Land did not altogether escape the drought conditions prevailing on the mainland, sufficient grain was available for export to yield, at the enhanced prices, a very substantial return.

The stocking up of the Port Phillip district caused a large demand upon the Van Diemen's Land growers for live stock of all kinds, and considerable numbers were also taken by South Australia. In 1838 the value of stock exported from Van Diemen's Land was £46,000 ; in 1839 it rose to £124,632, the price as well as the quantity being considerably augmented, and in the following year the value was £79,846. The export continued in gradually decreasing quantities until 1842, when it practically came to an end. Port Phillip was in 1843 not only independent of Van Diemen's Land in regard to live stock, but in a position to undersell its graziers in their own markets, and in fact the butchers of Hobart and Launceston soon obtained their supplies of beef almost entirely from Port Phillip.

Thus, after a short spell of prosperity in 1838 and 1839 the farmers of Van Diemen's Land found themselves threatened with a complete loss of their accustomed markets both for grain and for live stock. For grain, indeed, there remained some demand at a lower price, but the market for the surplus stock disappeared entirely. The farmers accepted the loss of the market for live stock

as inevitable, as they recognized the dominating position of the Port Phillip district, due to its wealth of natural pasture and the fertility of its soil, but they refused to believe that their market for grain was irremediably lost also, and suggestions for its recovery were much discussed. One of the favoured solutions was that New South Wales should place a high duty upon corn other than the produce of British colonies, thus giving the preference to Van Diemen's Land in its market, but to this New South Wales would by no means agree, nor indeed would its experience have warranted it in so doing. Through the smallness of the harvest the supplies were easily controlled and manipulated by speculators for their own benefit, and New South Wales did not care to risk a repetition of the events of 1839 and 1840 when wheat was selling on an average at 26s. per bushel as compared with 8s. 3d. in Great Britain. Failing to make an arrangement in regard to their wheat, the Van Diemen's Land authorities sought to restrict the importation of live stock, and without directly attempting to effect their ends by means of a heavy duty, they passed regulations which, though ostensibly imposing sanitary precautions against disease, were intended to make importation difficult, and so indirectly protect the local producer. These regulations failed in their intended effect and the importation of stock continued; their actual result was to create ill-feeling between the colonies, which was not easily removed.

The year 1840 was a record year in the trade of Van Diemen's Land, the imports being valued at £988,356, and the exports at £867,007, making the total trade £1,855,363 or about £41:5s. per inhabitant. The rapid reduction during the ensuing period is shown by the following statement :

			Value of exports.	Value of imports.
1839	.	.	£875,165	£746,887
1840	.	.	867,007	988,356
1841	.	.	630,501	851,981
1842	.	.	582,509	587,453
1843	.	.	439,890	705,260
1844	.	.	408,799	442,988
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The imports of 1839, of 1840, and of 1841 were greatly in excess of the requirements of the colony, as is proved by the fact that much of the merchandise imported remained in stock for two years and even longer after its arrival. The effect of this overtrading became plainly visible in 1841 in lower prices and glutted markets, and the disorganization of business was further aided by the untoward results of the various speculations in which, in common with the rest of the Australian colonists, the merchants of Van Diemen's Land had indulged themselves at this time.

The extraordinary prices of 1838-40 induced many merchants to extend their speculative operations into subsequent years, with the idea of creating an artificial stringency and a continuance of the high prices from which they had gained so much during the Australian drought; others were caught by the mania for acquiring land at Port Phillip, which was so general in Sydney and in Melbourne. Both one class and the other of these speculations ended badly for those who entered on them. The high price of grain was not sustained, and the speculators of Van Diemen's Land found they had entered too late to get any advantage out of their operations in land at Port Phillip. Most of these speculations had been carried on with money borrowed at rates between 10 and 15 per cent, which were not considered high when they were arranged, but which the slump in prices made it impossible for the borrowers to pay. Matters were made worse by the failures in New South Wales amongst grain merchants who were indebted in large amounts to their correspondents in Hobart. The banks had not been so reckless as in New South Wales; nevertheless a large amount of discounted bills existed, the money having been provided by English investors through the Bank of Australasia and the Union Bank of Australia. In 1839 the banks held about a quarter of a million sterling of such bills; in 1842 the quantity was estimated by bank managers and merchants variously at from half a million to a million. Few of the

merchants or landowners were able to meet their engagements promptly ; some were given time, but others were so involved that no consideration however extended would have availed them, and there were many bankruptcies in 1842 and 1843. In order to ease the monetary position, however slightly, Sir John Franklin endeavoured to secure a reduction of the interest rate. He informed the banks that the Government would forgo interest on its own deposits, if they would agree to discontinue the payment of interest on other deposits and reduce their discount rates to 8 per cent. Almost all the banks agreed to this course, and borrowers thus obtained some relief, but the Governor's action was not supported in England, and was reversed by direction of the Lords of the Treasury.

The difficulties of the monetary situation were not lessened by the peculiar position of the ordinary currency. In 1826 the Spanish dollar had been declared legal tender at 4s. 4d., and in 1834 the dollars of South American States were placed on the same footing ; the intrinsic value of these dollars was only 4s. 2d., and speedily such English and other coins as were circulating at their true specie value were driven out. The necessities of the position induced the Union Bank of Australia to import in 1838 £20,000 worth of Mexican dollars, but as these did not come within the precise terms of the proclamation making dollars legal tender, the banks of Australasia and Van Diemen's Land refused to accept them, and it became necessary for the Legislative Council to pass an Act making the coins legal tender at 4s. 4d. each.

The peculiar position of trade in 1841 rendered it necessary almost for the first time to transmit a considerable sum of money to England, and a difficulty immediately arose between the Commissariat Department, the bankers, and the merchants. The Commissariat authorities in selling bills on the English Treasury required payment in British gold or silver ; the bankers, on the other hand, met their obligations in dollars, so that merchants and others who wanted bills, not being able to obtain English coin, had

to purchase what they required through the banks at an enhanced price, equivalent to a premium of 4 per cent. They therefore petitioned the English authorities to remove their grievances. This petition led to the passing of an Act by the local Legislative Council under which Spanish and other dollars ceased to be legal tender, and steps were taken to introduce a quantity of British specie. This step, however, did not involve the withdrawal of the dollars from circulation, and they remained in common use until 1849, passing current at 4s., ring dollars at 3s., and dumps at 1s.; Sicca and Indian rupees at 2s. and 1s. 6d. respectively were also in circulation.

In 1839 the amount of coin in Van Diemen's Land was estimated at £189,000, and the bank-notes in circulation amounted to £73,000. Owing to the exchanges being so greatly against the colony in September 1841, the coin was reduced to £99,000 and the note circulation to £60,000, which was considerably below the needs of its business. In 1842 there was some slight relief, and in 1843 the quantity of coin was increased to £164,297, and thereafter very considerable additions were made, from time to time, to the coinage in circulation, mainly owing to the requirements of the Commissariat to meet the largely increased convict expenditure. There can hardly be any doubt that it was due to the very large Government expenditure, in 1842 and afterwards, that Van Diemen's Land did not suffer so acutely as New South Wales from financial embarrassment.

For some years after 1841 agriculture in Van Diemen's Land was pursued largely with the expectation that a ruinous drought might send prices in Australia to 20s. a bushel, and perhaps higher, as was the case in 1839. But such a result was no longer possible. Commercial relations had been established between Australia and South America, and the New South Wales market was supplied largely from Valparaiso and elsewhere with grain at 4s. and less per bushel. This price did not remunerate wheat-growers in Van Diemen's Land, and in 1844 the Governor reported

that the cultivators would not employ labour, free or bond, and that land of the first quality and in good condition, with sufficient buildings upon it, was selling at a less sum per acre than the minimum price at which the Government was offering uncleared land for sale. Some attempt was made to find a market for grain in England, but the voyage was so long and freight and insurance so heavy that it was a hazardous speculation. The Governor endeavoured to secure the admission of Van Diemen's Land wheat on the same terms as Canadian wheat, that is to say, at a fixed duty of 2s. per quarter as compared with the sliding scale by which the general tariff was regulated, which in 1843 worked out at about 5s. per quarter, but the English Government would not make this concession. To add to the troubles of the farmers, they lost for a time a market which they had been accustomed to count upon in all emergencies. The Governor received orders to employ the convicts in supplying themselves with wheat, and gangs of men were set to work on Government farms. Although the supplies required for the public service were not obtained to any great extent in this way, the farmers took, as they might well take, an extremely gloomy view of the future, and the exodus to Australia became more pronounced, as may be gathered from the fact that, in spite of the fresh arrivals of convicts from England, the population of the island only increased from 57,420 in 1841 to 67,918 in 1847, and to 69,187 in 1851. The men who quitted the colony were considered to be neither the very best of the freed convicts and free immigrants, for these could succeed very well in the island, nor the loafers, but an intermediate class likely to remain in the ranks of wage-earners, and therefore attracted by the higher wages of Port Phillip. In 1847 there were signs of improved conditions, new tracts of land suitable for grazing were discovered and occupied in the west of the island, and the labour market, mainly of course on account of the rapid emigration to Port Phillip, was in a position to absorb a much larger proportion of the available supply. The improved condi-

tions were, however, short-lived ; the price of wool fell in 1848 and pastoral properties became again unsaleable. The graziers were unable to pay their rents to the Government, and the banks had large quantities of bills which the drawers were unable to meet. For a time the colony seemed on the verge of a second financial crisis, which was only avoided with much difficulty. It was in these circumstances that the transportation of large numbers of convicts from England to Van Diemen's Land recommenced, and the period ended in a settled gloom, through which the only hopeful sign discernible was the strenuous determination on the part of the colonists to put an end to transportation in any form.

IX

INDUSTRIES

DURING the whole period, sheep-farming was the most important industry of Australia, the quantity of wool exported showing an almost continuous increase in each year, advancing from 7,213,584 lbs. valued at £442,504 in 1839 to 41,426,655 lbs. valued at £1,992,369 in 1850. Practically the whole of the wool shipped from Australia was carried to England, and in the ten years 1841–50 the quantities received in London were as set out in the following table. These figures roughly represent the production during the period :

	lbs.		lbs.
1841 . .	12,959,671	1846 . .	26,056,815
1842 . .	17,433,780	1847 . .	30,034,567
1843 . .	17,589,712	1848 . .	35,774,671
1844 . .	24,150,687	1849 . .	39,018,221
1845 . .	21,865,270	1850 . .	41,426,655

The import of wool of all kinds into Great Britain during 1850 amounted to 74,326,778 lbs., so that Australia even thus early was responsible for more than half of the total supply. The shares of the present States according to quantities and value in the last year of the series are given on the following page, and it will be seen that Port Phillip (Victoria) district was then the leading producer, a position which it had assumed in the previous year.

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	lbs.	£
New South Wales . . .	14,270,622	788,051
Victoria . . .	18,091,207	826,190
South Australia . . .	2,841,131	113,259
Western Australia . . .	368,595	16,000
Tasmania . . .	5,855,100	248,869
Total . . .	41,426,655	1,992,369

In New South Wales and Port Phillip the industry dominated the whole industrial situation, especially after the false prosperity induced by the commercial speculation of the opening years of the period had passed away, and the state of the colony may be gauged with considerable accuracy from the price obtained for its wool. The following table gives the prices obtained in London for Australian wool of average quality which had been washed and rather imperfectly freed from grease :

Price per lb.		Price per lb.	
1836 . . .	2 0	1844 . . .	0 11½
1837 . . .	1 6	1845 . . .	1 2
1838 . . .	1 5	1846 . . .	1 3
1839 . . .	1 2¾	1847 . . .	1 11½
1840 . . .	1 3¾	1848 . . .	1 1
1841 . . .	1 2¾	1849 . . .	0 10½
1842 . . .	1 3	1850 . . .	1 0
1843 . . .	1 1	1851 . . .	1 1

The financial depression of 1843-45 was accentuated by the low price of wool, which dropped to 11½d. per lb. in 1844. The position was relieved in 1845, in 1846 wool rose to 1s. 3d. per lb., and the colonists were filled with hope that the prices obtained before 1839 would again prevail. In this they were disappointed, for in 1849 wool was selling at 10½d., which was the lowest price ever obtained for Australian wool up to that time ; the situation was relieved a little in the following year when 1s. per lb. was obtained, but the great increase in production made a return to the high level of 1838 altogether impossible.

At this period wool represented two-thirds of the total value of the exports of the colonies, and tallow, which was

merely a by-product of the sheep industry, represented about one-fourth of the value of the remaining exports. These facts explain the dominant position of the pastoralists and account for the favourable terms granted them for the occupation of Crown lands ; it was felt that upon their prosperity that of the whole colony depended.

Wool-growing did not attain the same proportions either actually or relatively to the other industries in Van Diemen's Land and South Australia as in New South Wales, but in the first named wool was the most important export, representing about one-third of the value of the total trade. Wool displaced grain from the first position at a very early stage of settlement—the positions being only temporarily reversed in 1838 and 1839—and it was sufficiently important for the depression in prices to be very severely felt at the close of 1848.

In South Australia sheep-farming was early developed, sheep being obtained by the first colonists from Van Diemen's Land and New South Wales, and though difficulties of survey prevented settlers getting established on their own land, squatting met the difficulty. As early as 1839 the export of wool was valued at £8740. In 1843 there were in the Province 331,000 sheep, and the wool export of that year was valued at £45,568. The pastoral industry continued to progress, although not so rapidly as in the neighbouring colony of Port Phillip, yet satisfactorily to the settlers, and in 1851 there were estimated to be in the Province 1,500,000 sheep and 100,000 cattle, while the export of wool for the year amounted to 3,694,672 lbs., valued at £148,036.

Cattle-breeding had become a well-developed industry at the beginning of the third period, the number of cattle depastured in Australia in 1840 being about 800,000, while ten years later it was 1,900,000. The local consumption of meat was so small compared with the available supply, that the industry depended more upon the export trade in meat products, hides, tallow, bones, and the like, than on the demands of the local butchers. The dairy industry

had attained some importance in New South Wales as early as 1843, and was rapidly developed in subsequent years. The import of butter and cheese, mainly the former, which was 248,170 lbs. in 1843, declined to 60,000 lbs. in the following year and to 20,000 lbs. in 1845; after that the colony became independent of external supplies and even maintained a small export trade.

Agriculture ranked next to stock-farming in importance in all the settlements. In New South Wales the area under cultivation increased somewhat during the period; in 1839, 95,000 acres were under crop, of which one-half was in wheat and one-quarter in maize; in 1850 the cultivated area was 153,000 acres, of which 82,110 acres were under wheat, and during some of the intermediate years the breadth of land cultivated was much greater. It can hardly be said that agriculture was in any sense a success in New South Wales; in no year was the quantity of corn raised equal to the local requirements. Governors claimed that their inability to meet the local demand was largely due to the low price at which wheat could be landed in Sydney. There was very little in this contention. The area actually under wheat, if properly cultivated, would have yielded in ordinary seasons the grain required, but the conditions under which agriculture was carried on were not such as would make for success. The larger and wealthy settlers were not agriculturists; they cultivated only enough land to supply their own necessities. Many of the squatters were unable even to do so much. Agriculture was the occupation of the small settler, who, with his family, supplied most of the labour that his holding required.

That the industry could be made to pay in competent hands was clearly proved by the case of South Australia, which was able to export grain when the New South Wales farmers failed to supply their own market. There was no increase in the number of persons engaged in agriculture in New South Wales between 1846 and 1851

in spite of the large immigration of agricultural labourers. No attempt was made to introduce labour-saving machinery, and amongst farmers generally there was no rotation of crops and no use of artificial manures. The land was cropped until it was exhausted, and was then allowed to fall out of cultivation; almost everything that was done was wasteful and inefficient. The development of agriculture was greatly affected by the difficulties of communication, arising from the absence of navigable rivers, and naturally the chief agricultural developments were for a long time confined to the districts within easy communication of Sydney. The remarks in regard to bad farming apply mainly to the wheat farmers, and fortunately for the general well-being of the community there were some few persons who took an intelligent interest in agriculture, farming their land under good conditions and in accordance with the best English traditions. As a rule, however, the farmer in New South Wales had no original training for his occupation, and in this respect compared very unfavourably with the farmer of South Australia, or even Port Phillip. In the last-named district agriculture was not pursued with great keenness, as the attractions of sheep-farming were so potent that few persons with means at their disposal were inclined to trouble about farming. As late as 1850 the cultivated area in the Port Phillip district was only 52,340 acres, of which 28,510 acres were under wheat.

The cultivation of the grape for both wine and brandy received increased attention during this period, owing to the arrival of persons, chiefly Germans, who were skilled vine-dressers. Both the soil and climate were found well adapted to the grape, and in 1850 the area in New South Wales laid down with vines was about 1100 acres, producing 111,000 gallons of wine and 1958 gallons of brandy. In Port Phillip also a beginning was made with the wine industry. Tobacco was also grown, principally in the Sydney district where there was an area of 500 acres under crop.

There was some expansion of agriculture in Van Diemen's Land during the period, the cultivated area in 1838 being 108,000 acres and in 1850, 168,820 acres. The drought in New South Wales during 1838 and 1839 gave a great spur to wheat-growing in Van Diemen's Land, but with the return of good seasons in Australia the island colony found itself with a surplus of production which it could not dispose of, and this condition existed to the end of the period. Agriculture could not be said to have thriven during the period. Cultivation was slovenly, and in spite of the excellence of the soil, the average wheat crop was about 14 or 15 bushels per acre, though 30 bushels might readily have been obtained, as was proved by the yield of land to which careful cultivation had been applied. The backward condition of agriculture was due mainly to the inefficient labour of the convicts. For the most part they came to agriculture ignorant of their work, and those who were willing to learn took an early opportunity of leaving the island. Nevertheless, Van Diemen's Land produced throughout the period considerably more grain than was required for its own consumption, the surplus being exported to Sydney, the Mauritius, and England. The extent to which the farmers of Van Diemen's Land benefited by the deficiency in the New South Wales harvests, during the early years of the period, may be gathered from the discussion of prices elsewhere in this volume.

In South Australia agriculture was pursued in a very different spirit. By 1843, in spite of the wasted early years, the colony was supplying itself with grain, and there was a surplus for exportation. The shortage of labour resulted in the invention of various ingenious labour-saving machines to which the method of farming lent itself, as the wheat-fields of the plains were usually of great size. During the later years of the period the export of grain was overshadowed as regards value by that of copper and wool; nevertheless agriculture afforded more employment than these other industries and remained the mainstay of the Province.

In addition to wool, the principal exports from Australia were tallow, oil, skins, bark, salt beef, and copper. The value of tallow exported in 1850 was £311,900, of which £167,858 was sent from Sydney and £132,863 from Melbourne, and this represented the production from $1\frac{3}{4}$ million sheep boiled down for their fat. In 1846 South Australia was already a copper-producing country, to be considered in the world's supplies, and some lead and silver were also being obtained. The value of ore and metal exported to England in that year and the four following years was :

1846 . . .	£142,253	1849 . . .	£219,775
1847 . . .	174,190	1850 . . .	366,779
1848 . . .	320,943		

The whaling industry declined very greatly after 1840, in which year 1854 tons of sperm oil and 4297 tons of black oil, with a considerable quantity of whale-bone and seal skins, valued in all at £224,144, were exported. This was the year of the largest trade. The Australian whalers suffered from a shortage of skilled labour, and still more from the energy of the American whalers, who towards the end of the period ousted them from the fishing-grounds and obtained what little there was to catch. The industry was originally pursued not only in the Eastern colonies, but in Western Australia, where whaling appears to have been continued for some years after the industry had been given up in the eastern waters. The practice of Australian whalers of killing the calves in order to secure the capture of the mothers, was the chief cause of the ruin of the fishery. In 1843 the animal was remarked as becoming somewhat shy and scarce, and by the year 1847 the industry was declining in Southern waters generally. The extent of the decline and the degree to which this trade was passing into the hands of strangers may be seen from the fact that in 1848 only twenty-six colonial vessels engaged in the industry, with a total tonnage of 6103, entered Port Jackson, besides one British whaler of 267 tons and thirty-seven foreign vessels, totalling 11,203 tons. A few years afterwards even this small fleet of Australian vessels disappeared

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from the trade, which was prosecuted almost exclusively by Americans. There was considerable jealousy on the part of the colonists towards American whalers, especially during the period when the industry was most profitable; when it was on the wane, however, inducements were offered to them to go to Australian ports, and in 1845 whalers were exempted from port charges at Port Jackson, if they came for the purpose of refitting. But the industry was then crippled, and no concessions of the kind offered could revive it. In 1850 the export trade in sperm oil had dwindled to a value of £65,499, and ten years later the item disappeared from the list of articles exported. Up to the year 1850 the total value of oil and other whale products exported from Australia was £4,200,000, of which £3,000,000 was shipped from Sydney and £1,200,000 from Van Diemen's Land.

Including the produce of the fisheries, but eliminating as far as possible the small re-export trade, the approximate value of exports from Australia during each year of the period was as shown below :

1839	.	.	£1,845,000	1845	.	.	£2,130,000
1840	.	.	2,297,000	1846	.	.	2,375,000
1841	.	.	1,710,000	1847	.	.	2,770,000
1842	.	.	1,693,000	1848	.	.	2,815,000
1843	.	.	1,698,000	1849	.	.	2,853,000
1844	.	.	1,639,000	1850	.	.	3,588,000

The distribution of trade as between the various settlements for the last year of the series was :

New South Wales	.	.	.	£1,357,000
Port Phillip	.	.	.	1,042,000
South Australia	.	.	.	545,000
Western Australia	.	.	.	30,000
Tasmania	.	.	.	614,000

The manufacturing industries were naturally in a very backward condition during the period; manufacturing for export was out of the question, handicapped as the infant settlements were by distance from the centres of

civilization, and the industries that existed were chiefly of a domestic character. In 1838 there were in New South Wales, seventy-seven grain mills, two distilleries, seven breweries, five soap-works, twelve tanneries, five brass and iron foundries, seven woollen factories, one salt, one hat, and one tobacco works, as well as a few other manufactories. The number of persons employed was very small, and, in general, the manufactures were inferior in quality as well as small in quantity. Thus the beer and spirits made locally were much inferior in quality to those imported; the tanneries were not very successful, the best leather goods being imported in a manufactured state. The foundries were not able to turn out even good agricultural implements; it was almost impossible to procure a good plough of local make, and even the simpler tools were not well made. At the woollen factories the coarse wool unfit for export was worked by persons of little skill and a small quantity of coarse tweeds and blankets were made. Tobacco-growing had declined at the close of the second period, and that manufactured in the colony was decidedly inferior to the imported tobacco. Such manufactures as existed were to be found in Sydney; only twelve, and these very small, were carried on outside the boundaries of the capital. As is narrated elsewhere there was a large inflow of English capital into Australia at the beginning of the period, but very little, if any, of this capital was applied to the manufacturing industries, nearly all being absorbed in commercial speculations or in the pastoral industry.

The events of 1841 and the two following years effectually put a stop to the investment of British capital in Australia, and it was several years before New South Wales again came into favour. The revelations of the Bankruptcy Court in 1843 were alleged to have made the investing class chary of placing their money where it was so likely to be wasted, but an equally probable explanation may be found in the fact that the mania for speculation in British railways offered a market nearer home for adventurous capital. In spite of this lack of British interest in

Australian affairs, or perhaps because of it, local trade was placed on a sound basis free from liability to sudden and violent fluctuations. For the first time there arose a real disposition on the part of the settlers to cultivate the local market. The original settlers had looked upon Australia as a place to be exploited. There was no determination on their part to make the country their home, but with the coming of the free immigrants grew up the contrary disposition, and development was more thought of than exploitation. There was consequently much talk about the colonists supplying themselves with as many articles as possible instead of relying upon imports. In many directions there was little more than talk, the local market being altogether too small to consume the output of a well-equipped factory. In brewing and tanning there was a decided increase in production and some improvement in quality. Sugar-refining, which had been commenced in 1841, had become a well-established industry in 1850, and the colony provided almost entirely for its own consumption, the amount of sugar refined in the colony being 51,000 cwt. as compared with 635 cwt. imported. Soap-making was an old-established industry, which also commanded the local market, 33,065 cwt. of soap being made in New South Wales in 1850 as against 215 cwt. imported. The woollen cloth manufacture did not increase very much, the material being too coarse to compete with imported goods. Some hopes were entertained of a trade with China in this article so as to lessen the very heavy cash payments for tea, but these expectations were not fulfilled. The work of salting and preserving meat, which, like the tallow industry, was subsidiary to the wool trade, was begun in 1843 by Sizar Elliott. It was not a success financially, though the preserved meats were of excellent quality. There were two meat-preserving works in 1847; these were increased in the following year to five, and in 1850 there were fifteen, of which nine were in the Sydney district and six in Port Phillip. In coal-mining there was little development, although coal was easily won; in 1839

21,283 tons were raised, and in 1850 about 84,000 tons, and there was an export of 31,600 tons. There was very little other mining in the colony, but it is noteworthy that copper had been discovered at Molong and the lodes were being tested in 1850.

There was a very great falling off in the deep-sea shipping entering Australian ports after 1841. In that year 251 British ships were entered inwards; from 1843 to 1847 the numbers declined to between eighty and ninety, and did not rise again until the gold discoveries. This fall was due partly to the absence of convict transports. As a sort of compensation there was a great development of local shipping, as there were many settlements established on the coast from Moreton Bay to Adelaide. Sydney became the centre of a very active coastal trade, and there is almost daily mention in the newspapers of small vessels going to or arriving from Wollongong, Port Macquarie, Morpeth, the Hawkesbury, Brisbane Water, the Hunter, the Macleay, the Paterson, Port Aitken, Kiama, the Clarence, Broulee (Moruya), Boyd Town, and Jervis Bay; indeed, a contemporary writer remarked that as the sperm-whale fisheries declined the vessels owned by the colonists were engaged almost entirely in this coastal trade. By this means were carried grain, meat, tallow, hides, butter and cheese, tobacco, timber, coal, lime, and, in fact, all sorts of colonial produce. The cedar-producing districts shipped their timber by way of Port Macquarie, Wollongong, the Macleay, the Manning, and the Richmond. Shells for the manufacture of lime came from Port Aitken, Pittwater, and Shoalhaven. From time to time small vessels were sent to collect trepang on the northern coasts, which was exported to China. The industry flattered its promoters with the promise of success, but becoming less remunerative it was allowed to die out or pass into the hands of the Malays.

In Van Diemen's Land there was little industrial development, though some improvement was made about 1847. Shipbuilding was then reviving, and in that year

there were in the island sixteen shipwrights' establishments, as well as mast and block makers and sail-makers. There were also ten small engineering shops, seven foundries, and seventy-six establishments called agricultural implement manufactories, in reality blacksmiths' shops where repairs were carried on and an occasional implement made. Mills, breweries, tanneries, and soap and candle factories formed the only other industrial establishments worthy of note.

In South Australia industrial development was fairly rapid. During the first few years of its existence its only exports were oil and wool. The establishment of the whale fishery was almost coeval with the foundation of the colony, the stations being at Encounter Bay, Cape Jervis, and Kangaroo Island. In 1841 eleven boats were engaged in the fishery, and 212 tuns of oil were exported. As early as 1843 the colony possessed four soap and candle works, nine breweries, six tanneries, three brass and iron foundries and three machine-making shops, a pottery and a tobacco factory, as well as sixteen flour mills. Copper mining became important after 1843, and in 1848 copper smelting was added. The export of copper began in 1844, when 277 tons of ore, valued at £4009, were sent away, and the value of this export increased so rapidly that in 1848 it had reached a total of £310,000, which was three times that of the wool export.

Except in the primary industries to which reference has just been made, and in the building trades, there were no large bodies of workers in South Australia. The Province, however, was early distinguished for its machine-making; in 1850 six machine manufactories were at work, and a number of useful agricultural machines had been perfected, amongst which was the forerunner of the stripper, which practically revolutionized the wheat-growing of the world. In the year mentioned there were two brass and four brass and iron foundries and eight smelting works, and although the number of men was not large, these establishments gave promise of becoming in time important industries.

Little is heard of the employment afforded by the more domestic industries.

In 1848 the industrial establishments of Australia numbered 479, as follows :

Distilleries	2	Starch manufactories	2
Rectifying and com- pounding works	2	Blackening manufactories	2
Breweries	51	Meat preserving and salting	5
Sugar refineries	2	Potteries	9
Soap and candle works	30	Glass works	1
Tobacco and snuff fac- tories	5	Copper-smelting works	1
Woollen mills	8	Iron and brass foundries	27
Hat manufactories	4	Gas works	1
Rope works	7	Ship and boat building	12
Tanneries	62	Flour mills	223
Salt works	5	Oatmeal and groat mills	1

Of these establishments 272 were in New South Wales, 41 in the Port Phillip district, 99 in Van Diemen's Land, and 67 in South Australia. There were possibly a few others in Western Australia, information in regard to which has not been recorded.

PART IV

FROM THE DISCOVERY OF GOLD TO THE
INTRODUCTION OF FREE SELECTION OF
LAND BEFORE SURVEY

I

INTRODUCTION TO THE FOURTH PERIOD

THE fourth period in the history of Australia began with the gold discoveries in 1851, and covered the years during which the fever of excitement consequent on those discoveries ran its course. It lasted until 1861, by which time the majority of the population had entirely recovered their equilibrium, and it was characterized by profound economic and political changes which, in so far as they were not directly produced by the gold discoveries, were greatly hastened by them. The method of Government was completely altered and placed upon a democratic basis. The legislation of the period reflected this change, especially in the treatment of the land question, which was reopened in the interests of genuine settlers, who found themselves shut out from the hope of satisfactorily establishing themselves on the land by reason of the virtual monopoly acquired by the squatters. The period saw a revolutionary change in the relations between employers and employed, the destruction of the last vestiges of convictism, and, industrially, the new creation of Australia.

When gold was discovered, the population of Australia was 405,000, a small total obtained after more than sixty years of colonization. Within five years of the discoveries this number was doubled, and in 1861 the population had reached a total of 1,154,000. Victoria was the greatest gainer, increasing its population fivefold in five years, and attaining almost at a bound the first position amongst the colonies of Australasia. During the first three years of

the gold rush there was an immense dislocation of population. Victoria, and to a lesser degree New South Wales, attracted the population of the other colonies, and during the greater part of the period a spirit of unrest pervaded the entire community; migrations of whole families backwards and forwards from one colony to another were matters of frequent occurrence, so that, for a time, a considerable proportion of the population could not be claimed as permanently domiciled in any place. This restlessness eventually wore itself out, and at the close of the period the population again disposed itself into permanent settlements. In the eastern colonies there were three main groups looking to Sydney, Melbourne, and Adelaide as their commercial and social centres, and the arrangement of the population as it existed, say in 1859, was not thereafter much disturbed, although "rushes" to new goldfields from time to time caused small temporary dislocations.

In 1851 the part of the population of convict derivation was to be found almost entirely in Tasmania and New South Wales. These people were no less eager to reach the goldfields than were the rest of the population; bond and free alike swarmed to the places where gold was to be found. The free immigration from Europe, which during the period exceeded half a million, was directed in the first instance mainly to Victoria, whence it overflowed to the other colonies, so that at the close of the period the population of the different colonies had become fairly alike in its composition. Tasmania and New South Wales, however, retained the old and feeble convicts and generally the less enterprising part of the population. The most significant change during the ten years in the distribution of the population was in the respective positions of New South Wales and Victoria and of Sydney and Melbourne. At the census of March 1851 the population of New South Wales was 197,186, and of Victoria 97,489. At the close of 1853 the respective populations were about equal, while in 1861 Victoria was greatly to the front with 541,800 as compared with 350,086 in New South Wales. The growth

of population in the capital cities of the colonies was equally striking, for Melbourne, which in 1851 contained only 23,143 people, compared with 53,924 in Sydney, had a population of 139,916 in 1861, which was 44,127 more than that of the older city. This change in the relative populations connoted an even greater commercial and financial change, which will be dealt with in its proper place.

The first effect of the gold discoveries was a complete dislocation of all industries. The paralysis of business was so great in Melbourne that for a short time in 1851 it became, according to the description of the Governor, a city of women and children. In New South Wales the discoveries in comparison with those of Victoria were on a small scale. Nevertheless there was considerable ferment amongst the population, and for a time the rural industries were crippled by the desertion of the labourers, but on the whole the colony did not at any time lose by the gold discoveries. South Australia, which had been progressing most satisfactorily under the influence of the copper production and farming development, sustained a severe blow when the great finds of Bendigo and Ballarat became known. It is said the diggings enticed from South Australia over 15,000 men in a few weeks, and Adelaide, like Melbourne, was for a time a city of women and children. Half the houses were left tenantless, the streets deserted, and business was almost at a standstill. There was general financial embarrassment throughout the Province, the mines stopped working, and the harvest was gathered with the utmost difficulty. The expanse of Bass Straits had little effect in keeping back the people of Van Diemen's Land from rushing to the scene of the great gold discoveries; indeed, the exodus of population was so great as to threaten disaster to the island. All contemporary records speak of the great exodus of population, and every vessel going to the Australian mainland was filled with passengers. Writing on this subject, R. M. Johnson says: "In 1842 it is estimated that there were nearly 40,000

adult males in the Colony, but such was the migration to the Victorian goldfields in 1852, 1853, and 1854, that the adult males left in the Colony were less than 22,661."

It was not long, however, before the whole of Australasia felt the stimulus to industry which the new wealth afforded. In Victoria, consequent upon the great rush of the population to the goldfields of that colony, in combination with the enormous finds of the precious metal, a remarkable inflation of prices occurred. This necessarily reacted on the marketable value of every description of produce raised in Australia. Only limited supplies of food and merchandise were at first available, and the demand was insistent and clamorous. Every kind of grain and fruit, flour, vegetables, hay and fodder of all sorts, timber, building materials, and the various other necessities of civilized life commanded prices that sounded bewilderingly fabulous to ears attuned to the narrow needs of a primitive agricultural community. Land increased greatly in value, and timber, that appeared valueless from its abundance, became a valuable marketable commodity, so great was the demand set up by the goldfields. The changed conditions are reflected very strikingly in the trade returns, the combined imports and exports reaching in 1853 the value of £46,377,000, equal to £73 per head of the population. There was, however, one part of the continent which remained unaffected by the gold discoveries, for the impetus which wakened the rest of Australia was hardly felt in Western Australia, unless indirectly in the stoppage of immigration. It was natural that few persons would care to try the west as a place for settlement, so long as the eastern parts of Australia were ringing with the tidings of successive gold discoveries, and the history of the colony from an industrial standpoint is almost a blank page.

The effects of the gold discoveries on the public revenues of the different colonies varied considerably. In New South Wales and Victoria there was a great accession of revenue, due partly to the direct taxation of the miners and partly to the increased consumption of dutiable goods.

In New South Wales the limited extent of the gold discoveries and the fairly developed condition of the country enabled the Government to keep the outlay within reasonable limits. The expenditure did not greatly exceed the revenue in 1851 and 1852, and in the two following years the revenue was greater than expenditure. In Victoria conditions were very different. Under the stimulating influence of the gold discoveries the public revenue expanded very rapidly, and the Treasury was able to rejoice in the possession of a large surplus, as the expenditure did not at first mount up like the income. In 1852 the revenue was £1,635,494, and the expenditure £981,565, and in the previous year the figures were—revenue £499,041, and expenditure £410,864. During these two years important groups of population were being formed in various parts of the colony, and without the expenditure of large sums these would have remained in a state of semi-isolation. The inrush into Victoria was as sudden as unforeseen, and in a very little while Government business became so disorganized that it was beyond the power of the administration to deal with the additional work placed upon it, in a methodical or satisfactory manner. Contractors had to wait so long before they could obtain money due to them that it became a recognized practice to add to the price which the Government had to pay for getting its work done a sum to compensate for this delay. In the circumstances of the time this compensation became a material addition to the cost of public works, and in order to avoid it, Childers, who had been appointed Treasurer, introduced in February 1853 the Imprest system. Under this arrangement accounts were opened in the names of the heads of the various public departments in order to meet claims against the Government, and these accounts were replenished from time to time as they became exhausted. After payment the accounts were passed on to the Auditor-General. The system of imprest accounts is useful as ancillary to a well-controlled department of State, but in the condition of the public departments in Victoria in

1853 it was the means of throwing the finances of the colony into a state of great disorder. Immense sums were paid over to the various imprest accounts, while the business of auditing and verifying the charges made upon them proceeded in the most leisurely manner. The demands upon the Treasury during 1853 were enormous for so small a community. Public works of all kinds were put in hand, and during the year an expenditure of £3,249,491 was incurred. There was, however, no deficit, as the revenue mounted up to £3,271,710. During 1854 the expenditure reached four and a half millions, but the revenue remained stationary, and on the transactions of the year the Treasury was faced with a deficit of one and a quarter millions. This deficit, which had actually accrued, was sufficiently alarming, but under the system on which the Treasury and the departments worked it was impossible to ascertain to what further extent the colony stood committed. Realizing this, and failing in his efforts to induce the responsible officials to put a check on their expenditure, Governor Hotham took the matter into his own hands and applied the most drastic remedies. With little warning he discharged large numbers of officials and reduced the salaries of others. Only the most urgent new works were put in hand, and contracts already let were reduced or abandoned where practicable. The police estimates, as presented to him, contemplated an expenditure in 1855 of £900,000; this he reduced to less than half; in the Customs Department he saved £41,000, and in the Post Office he effected a similar reduction. By these means the expenditure for 1855 was brought down to £2,830,112, which was about £1,700,000 less than in the preceding year. Not content with a reduced expenditure, Hotham sought to increase the revenue. He raised the customs duties upon many articles, placed duties on some articles previously on the free list, and imposed a storage licence duty. He desired to make a large increase in the assessment placed upon stock depastured upon Crown lands, but the Legisla-

tive Council would not agree, and this so displeased him, bent as he was on making the revenue adequate to all possible demands upon it, that he first curtailed and afterwards stopped work upon the roads. This action of the Governor was not actually necessitated by the Council's refusal to grant the additional revenue from the Crown lands, but was adopted by way of reprisal against the Council as representing the squatting interests. In his despatch dealing with the incident Hotham said he believed the Council would have reconsidered their decision if he had given them the opportunity, but this he would not do. This despatch was not well received by the Colonial Office, where Sir William Molesworth regarded Hotham's action as very high-handed; and a rebuke, which it was thought necessary to administer to the Governor, at once led to his resignation. Before the resignation reached England both Molesworth and Hotham were dead.

During 1856, pending the arrival of Hotham's successor, General Macarthur, who commanded the Imperial troops in Australia, acted as Governor of Victoria. The colonists, who had now obtained the grant of responsible government, had the good sense to continue the economical administration which Hotham had made himself so unpopular by inaugurating, so that when Sir Henry Barkly arrived he was able to report that all traces of the financial crisis, which had threatened to be so formidable, had been obliterated. He was able, naturally enough, to take a more dispassionate view of the expenditure of the earlier years than Hotham had done. The expenditure on public works during the five years 1852-56 had aggregated £4,600,000, equal to fully one-third of the revenue of the colony during that period, and in his despatch on the subject Barkly said he felt bound to declare "that whatever complaints may have been made on any of these points it is impossible to contemplate what has been done in the last five years to introduce the appliances of an advanced stage of civilization into a trackless wilderness, without the utmost admiration and astonishment."

In South Australia the effect of the gold discoveries was to reduce the revenues very greatly during the closing months of 1851 and early in 1852, but as immediate steps were taken to cut down the expenditure, no embarrassment followed and, before long, the colony was reaping abundant revenues from the increased wealth of the colonists. The effect on the finances of Tasmania was mainly to cause an increase of revenue from dutiable goods in 1852 and 1853 without any necessary addition to the expenditure. So long as transportation was maintained, the colony derived a large income from the British Treasury. After 1853 the receipts from this source fell off very rapidly, and in 1855, as well as in every subsequent year of the period, the expenditure far exceeded the revenue. The restriction of the expenditure of the British Treasury on the convict establishment was also responsible for a decline in the customs and excise revenues, and very soon the colony was in a bad way financially. To meet the new conditions the authorities cut down expenditure where it could be done, even to the starvation of necessary services. The upkeep of the police and gaols was a very large item in the expenditure of the colony, and one which could not be reduced without danger to the safety of the community. The British Government was ready to bear its share of the charges entailed by what remained of the convict system, but the colonists contended that not only were the direct expenses of that system a proper charge against the British Government, but the indirect expense of governing and maintaining order amongst a population so largely of convict origin was also a proper charge. The British Government, however, steadily declined to admit the principle upon which the local authorities would have apportioned their share of the payments indirectly involved, and would not extend its responsibilities. The colonists saw, with a deep sense of resentment, the most necessary works neglected, in order that the public revenues might be employed in protecting themselves, their families, and their property against the depredations of a horde

of British criminals. The development of the island was greatly retarded on this account during the latter half of the period. At the beginning Tasmania was better provided with means of communication than any of the mainland colonies ; at the close the reverse was the case—roads, bridges, wharves, and other works having everywhere fallen into disrepair through lack of timely attention.

During the twenty years 1830–50 a great change had taken place in the attitude of English statesmen towards the colonies, a change which showed itself first in reference to land policy and emigration, but which also, and as a necessary consequence of free sale of land and free emigration, exhibited itself in a willingness to release the great colonies from the control of the Colonial Office and to confer upon them responsible representative government in their own affairs. In Australia there had been from the first many who wished to have a form of responsible government, but so long as the larger part of the community were either convicts or persons who had recently been emancipated, this aspiration for self-government could safely be ignored. Wentworth took a leading part in promoting the agitation for political autonomy, and, backed by the Patriotic Association, he won to his side a majority of the people of New South Wales. The case of the autonomists was summed up in the cry of “No taxation without representation.” The agitation was carried on with great vigour in the colony, and strong efforts were made to influence public opinion in England. The efforts of the Patriotic Association were strong enough to keep the colony in a state of turmoil, but it is plain that no important body of public opinion in England was enlisted in its favour. Wentworth’s claim in 1833, that the common rights of free citizens had been withheld from the colonists for forty-five years, was too absurd to need an answer, and it is possible little attention would have been paid to the demand for self-government had not other and independent influences been at work. The chief amongst these undoubtedly was that of Gibbon Wakefield. The name

of this statesman is remembered almost exclusively in connexion with his ideas of land distribution, but he was as much concerned with the political as with the economic well-being of the colonies. He pointed out, both in the *Letter from Sydney* (1829) and in *England and America* (1833), the disastrous effects ensuing from a policy which made Government posts in colonies the preserves of official favourites. In such a colony as New South Wales he showed that the population consisted of two classes: the upper governing class, consisting of nominee officials and persons to whom the English Government had given large grants of public land, and a subordinate class composed largely of convicts and ex-convicts, in whose hands no man could desire to place political power. He pointed out that such a state of things would cease at once if the colonies were peopled by free immigrants, obliged to secure land by purchase, "the colonists, being an instructed and civilized people, would be as well qualified to govern themselves as the people of Britain, and, being a wealthy people, they would be able, without going to war, to assert the birthright of all British subjects. Qualified, entitled and powerful to govern themselves, they might either take a share in framing the general laws of the Empire, by means of their representatives in the British Parliament, or . . . they might frame their own laws in a Colonial Assembly, under the eye of a Viceroy, incapable of wrong, and possessing a veto like the King of England, but whose secretaries like the Ministers of England should be responsible to the people! At all events, they must be governed, by whatever machinery, with a view to their good and contentment . . . instead of to the satisfaction of their governor only. Mutual dependence would prevent oppression on the one part and, on the other, a wish for independence; reciprocity of interest would occasion mutual good-will; there would no longer be injurious distinctions or malignant jealousies or vulgar hatred between British subjects, wherever born; and Britain would become the centre of the most extensive, the most civilized, and, above all, the happiest empire in

the world." So Wakefield foreshadowed the ideal of British Empire. He wished to return to the system of chartered colonies which had obtained before the American war, with such added freedom as would make such a war needless. He endeavoured to carry out his ideal in colonizing South Australia, and the first scheme for that colony, which he drew up, was disapproved by the Government mainly because of its provisions for complete self-government. Goderich wrote that, under the scheme, "a freedom of trade is claimed to which the Navigation & Trade Acts, as they now stand, are opposed," and that "all the powers of the Company, extensive as they are, and involving in their practical effects the sovereign dominion of the whole territory, are ultimately to be transferred to a popular assembly, which would be to erect within the British Monarchy a Government purely republican." A few years later, however, South Australia was founded with the undertaking that as soon as the population numbered 50,000 persons responsible government would be conferred upon it. This was a very decided step in advance, for it was impossible to withhold from New South Wales and Tasmania, as soon as free immigration had purified their populations, the boon thus promised to the newer and smaller community, and the claims of Victoria were stronger still.

The demand for self-governing powers was voiced most emphatically by New South Wales at the close of the third period, largely in consequence of the conflict between that Colony and the Colonial Office on the subject of transportation. There was growing discontent, and suggestions of possible separation. These were officially reported to the Home Government, and may have influenced it in its determination to concede a large measure of self-government to the colonies. In 1850 an Act was passed by the Imperial Parliament, in accordance with which the dependency of Victoria was erected into a separate colony, and provision made to confer a constitution on New South Wales, Van Diemen's Land, and South Australia. The

constitutions which were framed for the colonies by the Imperial Parliament were not, however, intended to be lasting, but merely a stage in the advance towards complete self-government. There was to be a House of Legislature, an expansion of the Council already existing in New South Wales, with two-thirds elected and one-third nominated members, and to this Council was given the power to introduce such changes as it might consider desirable, extending the principles of representation and responsibility as circumstances permitted. The opinion was generally held in England that the colonies were not ripe for complete self-government, and the constitution did not concede the control of public business to a Cabinet responsible to the legislature alone. The wisdom of handing over the public lands of so extensive a region to a handful of people was also doubted, especially as these lands were looked upon as the heritage of the whole British people; and it was considered that the colonies were receiving very liberal treatment in being allowed to retain half the land revenue; the other half was to be devoted to promoting the flow of settlers from Great Britain.

The proposed constitution was received with great dissatisfaction, especially in New South Wales, where the Legislative Council by a large majority adopted a series of resolutions pointing out the defects in the constitution and the wrongs under which the people were alleged to suffer. An address was voted embodying these resolutions, and concluding with the following words: "Solemnly protesting against these wrongs and declaring and insisting upon these our undoubted rights, we leave the redress of the one and the assertion of the other to the people whom we represent, and the Legislature which shall follow us." The address, or remonstrance, as it was called, was sent to England, and in the end the colonists had their way and instead of developing the constitution from the groundwork proposed by the Colonial Secretary, they were given the privilege of drawing up a constitution for themselves, which would be made the Schedule to an Imperial Act

should it meet the approval of the Imperial Government. This decision affected all the colonies, and the local legislatures immediately set about the work of constitution-making.

In New South Wales a Committee of the Legislative Council had been engaged in framing a constitution as far back as June 1852, and a draft had been prepared, but doubts being raised as to the power of the Council to deal with the matter, the business was not proceeded with after the report of the committee had been received. On 20th May 1853 another committee was appointed and in two months its report was before the Council. In this report the precedents of the British constitution were followed as far as the conditions of the colony admitted, and there were therefore to be two legislative chambers. To provide for the Assembly or Lower House was an easy task, but the constitution of the Council or Upper House was a much more difficult matter to settle. Several of the committee, as well as a large number of the colonists, were in favour of an elective chamber, such as was afterwards adopted in Victoria, while limiting membership to those who possessed at least £5000 worth of real property; but Wentworth and some of his supporters, in their desire to copy the British constitution in its absolute integrity, wished to have an Upper House with an hereditary qualification. The Assembly was to represent the people as a whole; the Council was to watch over the interests of persons of superior wealth who were supposed to have a greater stake in the welfare of the country. Wentworth actually proposed that an hereditary order of baronets should be created, on the lines of the originally projected colonial baronetcies, leaving the Crown to decide whether or not to give the first holders of a title a seat for life; the aristocracy to be thus established should in future elect a certain number of their order to form the higher branch of the legislature.

There were considerable differences of opinion amongst the population at large in regard to the restricted franchise

proposed for the Assembly, as well as to several other minor matters, but great opposition was displayed to the proposal to create an hereditary nobility. Various meetings, very numerous attended, voiced the public indignation, and, as might have been expected, much ridicule was cast on the proposal to create a pinchbeck nobility; though baronetcies only were proposed to be created, public opinion said that other and still more exalted creations were contemplated, and references to the Marquis of Woolloomooloo and my Lord Pinchgut never failed to be responded to with hearty laughter. In spite of this it must be said that there was an influential body of opinion in favour of Wentworth's proposal, but in the end it was abandoned, and in place of his provisions for an hereditary aristocracy the principle of nominee membership to the Upper Chamber was introduced. The Bill so amended was still strongly attacked by a considerable section of the public, on the ground that the members of the Legislative Council under the new constitution should be elected, instead of being nominated by the Crown. But the nominee principle was considered essential by the framers of the Bill for the purpose of reproducing the constitution of the British Parliament as closely as possible, and as a large majority of the Council shared these views, the Bill was passed as it stood and power was given to the Governor to nominate persons to the new Legislative Council, which was to consist of not less than twenty-one members.

It was provided that the Legislative Assembly should comprise fifty-four members for New South Wales proper, and six for the Moreton Bay district, the qualification for the franchise being fixed as follows: "All inhabitants of full age native-born or naturalized subjects of the British Crown, and not having been convicted of any crime, or if convicted, pardoned," and having paid all rates and taxes for which they were liable, were placed in the condition required for either voting for or being elected to the Assembly, but they were required in addition to be quali-

*fied in the following respects : as the holder of a freehold estate of £100 ; as householders, lodging occupiers, or leaseholders, for three years at £10 per annum. To these were added boarders at £40 per annum, persons receiving £100 a year salary, and pasture licence-holders for one year. Ministers of religion were declared incapable of being elected to the legislature. The framers of the constitution were anxious that the government of the country should still further resemble that of the British Isles, by the adoption of the principle of responsible government. Up to that time the persons who administered the affairs of the colony had been appointed either by the Governor or by the Secretary of State, and it was not to be supposed that such a condition of affairs could be continued under the new system, especially as the entire revenues of the colony were to be placed at the disposal of the Parliament about to be created. To this constitution with its dominant principle of responsible government the British Government readily assented, and it was formally inaugurated on 19th December 1855. The constitution thus framed is the basis of that now existing, although various important modifications, especially touching the franchise and qualification of members of the legislature, have been introduced.

While the New South Wales Legislative Council was at work constitution-making, the Councils of Victoria, Van Diemen's Land, and South Australia were similarly employed, and in every case the bi-cameral system was adopted ; but various differences in detail were introduced, which, apparently trifling in themselves, led to curious divergences in the political history of the colonies.

In Victoria members of the Legislative Council were to be elected for ten years, but every two years a certain proportion were to retire and submit themselves to re-election. The qualification for the Assembly franchise was, for the times, very liberal. The right to vote was conferred by the possession for six months of a freehold worth £5 a year or a leasehold worth £10 a year, or a salary of £100 a year.

Even the mining population, fluctuating and heterogeneous as it was, was not overlooked, and any person who was possessed of a miner's right was entitled to vote. It was provided that all money bills should originate in the Assembly, and that they could be rejected but not amended by the Council. As in New South Wales, responsible government was introduced in close imitation of the English system. The Royal Assent was given to the Victorian Constitution Act on 23rd November 1855.

A constitution had been promised to South Australia whenever its population should number 50,000; in 1853 the stipulated number was greatly exceeded, and the Legislative Council occupied itself in drafting a constitution for the Province. The Council favoured a nominee Upper House, the members of which were to hold office for life, and an Assembly to be elected every three years on a low suffrage qualification. Public opinion was set strongly against the nominee principle, and the Bill prepared by the Council was set aside in England. In October 1855 a revised Bill was returned to the colony with the Royal Assent. The new constitution provided for a Legislative Council and an Assembly. Both of these were elective. The members of the Council were to be elected by the whole colony voting as one constituency, and the Council was not subject to dissolution, but one-third of the members were to retire every fourth year. The qualification of electors for the Council was the possession of a freehold worth £50; or a lease having three years to run, or a right of purchase of the value of £20, or the tenancy of a house having an annual value of £25. The Legislative Assembly was elected for three years, but could be dissolved by the Governor, and the franchise was granted to every male adult twenty-one years of age who had resided six months in the Province.

The privilege of framing a constitution for itself was also given to Van Diemen's Land, and a legislature comprising a Council of fifteen members and an Assembly of thirty members was called into being, both chambers

being elected, but by different franchises and by different electorates. In point of time Van Diemen's Land was the first of the Australian colonies to obtain responsible government, its Constitution Act being dated 1st May 1855.

It took the people of the self-governing colonies some considerable time before they could adjust themselves to the conditions of parliamentary government, and ministries were made and unmade in rapid succession. The first ministry took office in New South Wales on 6th June 1856 and lasted eighty-one days, and its successor held office for thirty-seven days. There were six ministries in four and a half years. In Victoria the first ministry was formed on 28th November 1855 and held power for fifteen months, the second ministry was out of office in forty-nine days, and the first six ministries covered a period of six years. The first South Australian ministry maintained its position for twenty-two months, but its two immediate successors held office for eleven days and twenty-nine days respectively; in the first ten years there were fifteen ministries. The first three ministries of Tasmania ran their course in about six months, but the fourth ministry had the comparatively long life of four years and six months.

The concession of responsible government to the Australian colonies in 1856 was an experiment which many persons thought was likely to end badly. It was argued that there were not sufficient men of education, position, and leisure to fill with credit the various offices which would be open to the representatives of the people, and it was confidently predicted that Legislatures responsible only to the constituents would prove corrupt and perhaps tyrannical. Some point was given to these forebodings by the conduct of several of the Legislatures constituted before responsible government. The Legislative Council of Tasmania afforded a notorious example, which was hailed by scoffers as an instance of what might be expected from all similar bodies. Before the Queen's assent had been given to the act which constituted Tasmania a self-governing dependency, there occurred an unseemly struggle on the

part of the Legislative Council to assert its claim to certain extravagant powers, dangerous for any popular assembly to possess, and which, if acknowledged, would have been of little or no use to an expiring institution. The Council had instituted an inquiry into the working of the Penal Department, a department which had been grossly mismanaged, and was thought to be corrupt. Properly conducted, the inquiry might have led to important results and much-needed reforms; but at the very outset the Council was led into unseemly controversy in regard to its powers, and allowed itself to be so far in the wrong, that the penal officers not only escaped the threatened inquiry but were able to pose as ill-used persons upon whom the Council attempted to exercise tyrannical powers.

The committee of the Council summoned Dr. Hampton, Comptroller-General of the Penal Department, to give evidence before it. Hampton refused to attend, but there were ways by which his presence might have been secured had the Council been in a constitutional frame of mind. But the Council would not consider the action of Dr. Hampton other than as an affront to its dignity, and as it claimed the full powers and privileges of the British House of Commons, the Speaker issued a warrant for Hampton's arrest. Relying upon the advice of the Crown Law Officers, Hampton resisted arrest as being illegal, and served upon both the Speaker and the Serjeant-at-Arms writs of *Habeas Corpus*. Not being otherwise able to effect its purpose, the Council applied to the Governor to authorize the police to arrest Hampton, but instead of complying Sir Henry Young, very properly, attended its sittings and read the members a severe lecture on the nature and consequence of their act, which he described as an attempt to substitute tyranny for law. Following up this rebuff, the Governor prorogued the Council. The matter, however, did not end here, but was carried to the Supreme Court, and afterwards to the Privy Council, at both of which tribunals Dr. Hampton was successful. This action of the Legislative Council had the effect of

enabling a very necessary inquiry to be burked, and of casting a good deal of ridicule upon representative institutions.

The first Tasmanian Parliament was called upon, almost at the outset of its career, to meet serious financial difficulties. The strangeness of the situation, and the total inexperience of the freshly elected members, precipitated a crisis, and the two Houses found themselves engaged in an undignified squabble over the imposition of taxation. The Legislative Assembly claimed the right to impose and collect customs duties by a mere resolution of a majority of its own members, without reference to the Upper Chamber. This led, after a tenure of office lasting only four months, to the resignation of the first ministry. The second responsible government had even a shorter command of the Treasury benches, and had to succumb after being in power for only eight weeks; but after a reasonable period for experiment, a stage all young legislatures have to pass through, the new Parliament got genuinely to work, and proceeded to pass measures of great public utility and importance.

The events which mark the beginnings of responsible government in Tasmania have a special interest in themselves, but they were typical of the proceedings of the legislative bodies in all the colonies. The idea of government by parties took a firm hold on the imagination of the people, and there was a disposition at first for parties to divide themselves on the traditional lines of England. But the distinctions of Whig and Tory had no real existence in Australia. Subsequently the general tendency was for one set of representatives to identify themselves with the squatting and landed interests on the model of the Conservative party in England, while the other representatives espoused the democratic interests. In the open warfare of Parliament the squatting interest had little chance against the democracy, reinforced as it was by the gold diggers, and the rout of the squatters was to all appearance complete long before the close of the fourth period. In

reality, however, the rout was far from decisive, as will presently appear. Parties in the parliaments of the colonies ultimately became divided by almost imperceptible lines, and the causes of the making and unmaking of ministries were mainly personal. Occasionally the co-operation of groups of members would be disturbed by the intrusion of questions affecting land, education, or religion, which temporarily brought alliances to a close; but when the cause of the disturbance passed out of sight, groups in personal sympathy had little difficulty in resuming their old relations.

The business of parliamentary government was taken very seriously in all the States, and when at the close of the period Queensland was separated from New South Wales there were five parliaments at work in a population of 1,100,000 souls. The first years of parliamentary government in all the colonies were, as we have seen, filled with legislative strife, and the opportunity of passing useful legislation was very slight. But when the semblance of stable government was obtained, various reform measures were passed in the direction of securing greater electoral equality, the most notable of which were the extension of the franchise to every adult male who had resided in the colony for not less than six months, and the introduction of vote by secret ballot.

At the beginning of the period New South Wales lost its southern province, which was constituted the colony of Victoria, and at the end of the period its area was further lessened by the northern parts being cut off and erected into a separate colony under the name of Queensland. The Royal Letters Patent creating the Colony of Queensland were issued on 13th May 1859. The first Governor appointed by the Crown to the superintendence of the young province was Sir George Ferguson Bowen, who arrived in Brisbane by the war corvette *Cordelia* on 10th December 1859, and, on landing, formally proclaimed the colony. The territory over which Governor Bowen had been appointed to rule was noble in area and

magnificent in resources. It extended for 1300 miles from north to south and 900 miles from east to west, including great varieties of both soil and climate, and furnishing the products both of the temperate and the torrid zones. It occupied the north-eastern portion of the continent, and comprised an area of 668,497 square miles, being thus more than twice the size of New South Wales and nearly eight times that of Victoria.

Great dissatisfaction was expressed in the new colony at the exclusion from its territorial area of the rich territory comprising the Clarence, the Richmond, and the New England districts ; and for years after the north-eastern portion of the Mother Colony indulged in sporadic outbreaks of quickly subsiding agitation for union with Queensland. The population of Queensland at the date of its separation was about 25,000. The pastoral industry was almost the only one deserving the name, agriculture being limited to the cultivation of maize and hay, and mining represented by a couple of coal-pits of small output. Three-fourths of the richest pastoral lands in the colony were untenanted except by aborigines, and though population was increasing, it was but at a slow rate. At the time of the establishment of separate government there was not a seaport town in the colony to the wharves of which a laden ship of 1000 tons could approach ; and there was scarcely a made road in the whole territory, although the city of Brisbane had been proclaimed a municipality on 6th September of the year preceding.

The difficulties which would inevitably arise from the political separation of the colonies were clearly foreseen both in Australia and in England, and they were greatly emphasized when a chain of custom-houses was established along the River Murray, and at points between Victoria and South Australia. As early as 1847, before the separation of Victoria from New South Wales had been accomplished, Earl Grey had proposed that in view of the probable creation of other colonies, *i.e.* Victoria and Queensland, there should be enacted a special legislative authority for

the whole of the Australian colonies, a sort of general assembly which should have certain specified powers, amongst which was the authority to impose customs duties. The proposal fell on deaf ears, and it was not until fifty years had slipped by that the way was made clear for a complete and satisfactory union of the six colonies.

Before the gold discoveries there was a prevalent and natural idea that the colonies were but an extension of the United Kingdom, and legislation in many important subjects was dominated by that idea. The population had been mainly introduced by the agency of the Government; there were the large array of officials on active service or retired, the military, the transportees, and the assisted immigrants, all dominated with the idea that England was their home and Australia but a place of exile. Other ideas had possession of the minds of the gold-seekers. Many no doubt came out as mere exploiters animated with no thought of permanent settlement, but they were as a whole drawn from a different rank of life from those who had arrived before them, and, what is perhaps more important, were men of resolute opinion not uninfluenced by the ideas which almost revolutionized Europe in 1849. It is from the gold era that there is apparent in Australian public life the consciousness of a separate national identity from that of England, and this was soon displayed in the Acts of the legislature. Amongst the earliest indications, of this change was the repeal of the Act in force in New South Wales from the earliest times granting preferential duties in favour of goods imported from the United Kingdom. This repeal took place in 1851. It must not be supposed that there was any growth of antagonism to the Mother Country. The change was economic and prompted by a determination that Australian affairs should be settled according to Australian ideas and in the interests of the colonists. It was made with the most entire approval of the English Government, which was dominated at the time by the most doctrinaire ideas of free trade. There is ample evidence, however, that the ties of kinship were

still strong. The Crimean War occurred during the middle of the gold period, and the colonies not only set about preparing themselves against possible aggression, but offered a contingent to take its place in the Crimea with the British Army then in the field. This was in 1855. The offer was naturally refused, but the further proposal to fortify the ports of Melbourne and Sydney and make provision for local defence was greatly encouraged in England. The war with Russia was popular in Australia, and a large fund for the relief of the widows and orphans of the soldiers who fell in the Crimea was collected in the principal cities. During the Indian Mutiny the English Government recalled the offer of help, and asked that it should be given in India, but the conditions had altered, and it was no longer possible to raise a suitable body of men.

The concession of manhood suffrage in all the colonies, soon after the grant of responsible government was made to them, enabled the working-classes to make their wishes on several important matters a guide to parliamentary action; indeed the anticipation of the time when the franchise would be extended was sufficient to direct attention to the popular requirements. Chief amongst these was the protection of the worker against any form of competition that would tend or that seemed to tend to lower wages. The subjects of immigration and wages are elsewhere dealt with, and it will be seen that the working classes were not against immigration. It would, of course, have been ridiculous and illogical for them to be so opposed. The vast majority of the workers were themselves immigrants of under five years' standing, who had come to search for gold and could have no reasonable objection to others following in their footsteps; and as regards assisted immigrants, there was for some time no general objection to them, so long as they were brought out for the purpose of providing labour for the farmers and squatters and incidentally of enabling foodstuffs and meat to be marketable at lower prices. In point of fact, during the busy period of the gold discoveries, the bulk of

the population paid little heed to matters not directly bearing upon gold-seeking, but when the finds became less frequent and less important and men turned from seeking gold to their ordinary occupations, they gave their attention to the question of assisted immigration. Their chief, nay, sole, objection to this class of immigrants was the fear that their introduction would have, and was deliberately intended to have, the effect of lowering the standard of wages. There was also a growing belief on the part of a large section of the community that the land revenues of the colonies might be employed to greater advantage in opening up the country, than in bringing out settlers, but in any case the opposition to assisted immigration did not become, during this period, what is termed in Australia a live question. Attention was in a sense diverted from assisted immigration, as the country had to face two other questions affecting the working population, of far more immediate interest—the influx of the Chinese, and of ticket-of-leave men from Tasmania. Each of these questions is of sufficient importance to demand a chapter to itself.

The problem of satisfactorily disposing of a large population which came to dig, but, forsaking the quest for gold, demanded facilities for settling on the land, confronted the newly established parliaments from the first. This was especially the case in New South Wales and Victoria, where the squatters were enjoying the fruits of their victory over Gipps. The agrarian legislation of the years following the introduction of responsible government will be dealt with in a separate chapter, but it may be here remarked that this legislation was not accomplished without many bitter struggles, and it took the more influential classes of the community a considerable time to realize that access to the land was as much a right of the worker as it was of the moneyed immigrant or settler.

The question of State aid to religion has but very little bearing on the industrial progress of the country, and is mentioned only on account of its connexion with education,

The founders of the colony brought with them the English idea of a National Church endowed with large possessions, and not dependent on the free offerings of those who participated in its services. Hence the reservations of lands for Church purposes to which reference has already been made. At the establishment of responsible government the stipends of the Church of England, Roman Catholic, Presbyterian, Wesleyan, Jewish, and other clergymen were paid by the Governments of New South Wales, Victoria, and Tasmania. The system was taken over as a commitment from the old regime, and was not generally favoured in any colony. It was greatly opposed in New South Wales even before the granting of responsible government, and large meetings were held at Sydney during 1854 to petition the Council not to increase the grants made in favour of religion, as was then contemplated. For a while the agitation failed, but in 1858 Parliament refused to make an additional grant for public worship, in spite of the fact that both clergy and population had largely increased owing to the inrush of gold-seekers ; and in 1863 State aid was abolished save to those clergymen who were then in receipt of stipends. In Victoria the system was also opposed, but survived until 1869. In Tasmania the agitation against State aid was so far successful that in 1859 a Bill commuting the stipends paid to the clergy was passed and authority given to raise a sum of £100,000, the estimated amount of the commutation, but it was not until ten years had passed that the Royal Assent was given to the proposal. The long controversy over State aid to religion left behind it much bitterness, which greatly influenced the settlement ultimately made on the question of education.

The history of primary instruction in Australia is naturally divided into three periods : the purely denominational period, which lasted till 1848, during which the Government granted to the heads of religious bodies assistance in proportion to the amount expended by them for educational purposes, there being no schools entirely under

State control. The second period began in 1848, when the Irish National School system was adopted, and two Boards were constituted, to one of which was entrusted the administration of the undenominational, or, as it was called, the National system. The dual system of national and denominational schools lasted for different periods in different colonies, and was followed by a purely national system, free, secular, and compulsory. The dual system existed in all the colonies throughout the fourth industrial period, but there were many discussions during that time with regard to the continuance of State assistance to religious schools, and these discussions tended greatly to embitter public life.

Some attempts were made during the period to develop local government in the colonies. Sydney and Melbourne had been created municipalities in 1842 by special enactment, and in the same year an Imperial Act came into force, authorizing the Governor to incorporate by Letters Patent any district in the colony and form elective councils, to which was granted the right to levy rates and tolls for the construction and maintenance of roads, the establishment of schools, and other purposes. The Act remained practically a dead letter, very few districts taking advantage of its provisions. After an existence of some ten years the corporation of the city of Sydney was found to be "an impediment to the improvement of the city," and it was abolished in 1853, but revived four years later. In 1858 a Municipalities Act was passed, intended to give a wide extension of local government, but the instinct for this was not strong in the colony, and only the densely populated areas took advantage of its provisions, the greater part of New South Wales remaining unincorporated until 1905, when incorporation became compulsory.

The Imperial Act of 1842 applied to Port Phillip as well as to New South Wales, but its operation in the former was no more satisfactory than in the latter, and it was superseded by an Act passed in 1853 providing for a Central Road Board, which was to be appointed by the Governor

and have jurisdiction over the whole of the main roads of Victoria. The Act also provided for the constitution of local road districts, under the management of local Boards elected by the ratepayers. The scope of local government established by this Act was not extensive, but served the purpose of carrying the colony along during the difficulties of the gold period and prepared the people for the more comprehensive Roads, Districts, and Shires Act of 1863.

To provide for centres of population an Act was passed in 1854 under which the suburban area of Melbourne, as well as the country towns, might be incorporated. This action of Victoria in setting up local governing areas controlled by elective bodies had an important effect, as these bodies became schools of parliamentary life and practice, and much of the rapid advance made by Victoria in subsequent years may be traced to the impetus given to political life by the local administrative institutions. This impetus was largely absent from New South Wales, and may be taken as accounting for the lack of defined policy amongst the parliamentary parties, and the strong personal element which prevailed in the formation of Cabinets and in the government of that colony.

Municipal life began in Tasmania in 1853 with the incorporation of Hobart and Launceston, and this was expanded in 1859 by the establishment of rural municipalities. The short life of the municipality of Adelaide, which was established in 1840, has already been referred to. The town was reincorporated in 1852 and has had a vigorous existence ever since. In 1858 a District Councils Act was passed which extended the principle of local government to the settled areas of the Province, and the District Councils, as in Victoria, became schools of politicians. Municipal life in Queensland began in 1859 with the incorporation of Brisbane a few months before the separation of the colony from New South Wales, and the subsequent development of the principle was the work of the next industrial period.

The development of municipal institutions marks a phase of progress from the pastoral stage of the previous periods ; small towns were springing up in all parts of Eastern Australia, the hot pursuit of adventurous exploration had ceased, and expeditions to the interior were planned with a view just as much to the scientific examination of discovered territory and the opening of traffic routes as to finding new country.

Adelaide was the home of much exploration zeal, and several expeditions set out thence in 1857 and 1858 to penetrate across the continent to the Indian Ocean, but none was successful. In 1858 John M'Dowell Stuart commenced his series of expeditions from Adelaide, and in April 1860 he reached a point within 250 miles of the northern coast, but could get no farther. Nothing daunted he again made the attempt. Setting out from Adelaide with a party of twelve he reached the northern shores of Australia in July 1862, after a heroic struggle. Very important results followed this journey, which may be said to have led to the annexation of the northern territory to South Australia. Stuart was not, however, the first to cross the continent from south to north. As soon as it became known that Stuart had succeeded in penetrating as far as the centre of Australia the sum of £1000 was anonymously offered in Melbourne for the prosecution of exploration, on condition that a further sum of £2000 was raised within a year. The amount having been raised within the time specified, the Victorian parliament supplemented it by a vote of £6000, and an expedition was organized, under the leadership of Robert O'Hara Burke, with W. J. Wills as surveyor. The promotion of this exploratory scheme was merely a matter of emulation between Victoria and South Australia as to which colony should be first to cross the continent from sea to sea. The undertaking was planned upon a large scale, and no pains were spared to ensure success. The expedition crossed and recrossed the only portion of Queensland which up to then remained unexplored, viz. the extreme west, from

Cooper's Creek to the Great Gulf, but it was practically barren of results and ended in disaster ; its leaders, Robert O'Hara Burke and W. J. Wills, and an assistant named Gray, lost their lives. No one can deny the heroism of the men whose lives were sacrificed in this ill-starred undertaking ; but it is admitted that the leaders were not bushmen, and had no experience in exploration. The non-return of the expedition led to various relief expeditions being despatched to ascertain its fate, and these added greatly to the growing knowledge of the interior. The relief expedition under MacKinlay, with whom was W. O. Hodgkinson, set out from Adelaide and ultimately reached the coast, where the party found Captain Norman on the Albert River with H.M.S. *Victoria* and the wreck of the tender, *Firefly*, moored as a hulk in the stream. The second relief expedition, led by Commandant Fred. Walker, started from Bauhinia Downs, on the Dawson River, on 7th September 1861, and proceeded north-westerly, via the head-waters of the Alice and Thompson Rivers. Walker discovered and named the Norman, and, after considerable exploration in the north-west of the present colony of Queensland, made his way by the Gilbert Ranges and the Burdekin River to Port Denison. Landsborough, the leader of the third relief expedition, did not succeed in tracing the route of Burke and Wills, but he did enough to be received in Melbourne with every mark of public appreciation. The expedition sent out by Victoria was led by Alfred W. Howitt, a son of William and Mary Howitt, and resulted in the finding of John King, camel-driver to the expedition, and sole survivor of the four who had crossed the continent. The others had perished from privation on the return journey in the great stony Desert of Sturt. Howitt was again sent out, shortly after his return with King to Melbourne, to disinter and bring back the bodies of Burke and Wills, which received a public funeral on 28th December 1862—one of the most impressive spectacles ever witnessed in the capital of Victoria.

Western Australia with a population of 6000 looked across the wilderness which encircled it, hoping that beyond there might be land well watered and fertile, and various expeditions were sent out to penetrate the unknown north and east. These expeditions filled up the twenty years between 1840 and 1860 and displayed the endurance of the pioneers, but were almost resultless from the view of practical colonization.

The plunge of Leichhardt into the unknown in 1848 has already been referred to, and his non-return was a matter of grave anxiety to the colonists, especially as the most circumstantial rumours were current that he had met with an untimely end. These rumours became so prevalent and disquieting that at length Hovenden Hely, a former officer of the ill-starred explorer, was sent out by the New South Wales Government in January 1852 to search for the missing expedition. He effected nothing, however, and his provisions running short, he was compelled to beat a retreat to the settlements. In 1855 A. C. Gregory attempted the solution of the mystery of the interior. His expedition was under the auspices of the Royal Geographical Society of London, and the expenses of the expedition were defrayed by the British Government. Gregory made extensive explorations in North-West Australia and the country round the Gulf of Carpentaria, but found nothing that gave any clue to the fate of Leichhardt. The memory of the lost explorer was suddenly revived in 1857, by the curious story told by a convict named Garbut, who had been a frontier bushman, and who offered the disclosure of a great secret as the price of his liberty. He stated that he had paid a visit far beyond the outposts of settlement, in fact, in the very heart of the continent, to a colony of absconders from the old penal depots. These outlaws had been chanced upon by Leichhardt in the course of his expedition, and they, fearing disclosure and punishment, had compelled him and his party to remain with them. Public sympathy eagerly caught hold of the fable, and A. C. Gregory was again sent

out by the Government to search for the lost explorer. He set out from the Dawson, the southern branch of the Fitzroy River, and Garbut's fiction was easily exploded by a passage through his invented paradise, where the only thing the search expedition found, which could by any possibility be identified with Leichhardt, was the letter "L" cut into a tree growing on the Barcoo River. Gregory traversed a large area of unknown country, and, working his way in a south-westerly direction, reached Adelaide, where he was received with great enthusiasm.

The sketch of exploration here outlined is not intended as a full account of the achievements of the colonists in their efforts to discover the resources of their continent, but merely to give some idea of the direction of the activities of the leading men whose inclination led them towards the tempting fields of geographical discovery. Besides the professional explorers, thousands of persons were engaged pressing forward into the newly discovered territories, and thus filling in the blanks left by the pioneers, so that at the close of the gold period the whole territory of what is New South Wales, Victoria, and South Australia was practically known, if not thoroughly explored, as was also the eastern half of Queensland and that part of Western Australia bordering the south and west coasts.

The large influx of population to the goldfields brought about a strong demand for regular and reliable communication with England. Prior to 1852 Australia had to depend for its communications upon the irregular arrival and despatch of sailing vessels, but in that year the steamships *Chusan*, *Australia*, and *Great Britain* were despatched from England, making the voyage in sixty days, and causing a strong desire on the part of the colonists for a more steady and regular system of communication with the Old World. The outbreak of the Crimean War in 1854 hindered the attainment of this object for a while, but in 1856 the Peninsular and Oriental Company and the

Royal Mail Company commenced a service of steamers between England and Australia. The Companies were under contract to carry the mails from Southampton to Sydney in fifty-eight days, but the time was usually exceeded, and the service was altogether unsatisfactory. The days of efficient service were yet to come, but the early essays had no small effect in stimulating the colonists to agitate for something better than the best yet obtained. Proposals were made as early as 1854 for the establishment of a line of mail packets via Panama, and negotiations on the subject were carried on for several years between the British Government and the Governments of New South Wales and New Zealand, but they did not bear fruit until some years later.

In a country like Australia, ill supplied with navigable rivers, communication from one part to another was necessarily slow and irregular; the need for railways was therefore early recognized, but it was not until after the influx of energetic settlers, attracted by the gold discoveries, that any real attempt was made to give the country the advantages of railway communication. The beginnings and progress of Australian railways are dealt with at some length elsewhere, and no further reference to these events is needed in this place.

The electric telegraph was introduced into Australia almost at the time of the earliest railway construction. The telegraph was first used in New South Wales in 1851, but there was no serious attempt at construction for some years thereafter. Meanwhile Victoria was pushing on with its telegraphic system. The short line from Melbourne to Williamstown was opened in March 1854, lines were speedily pushed to the borders of New South Wales and South Australia, and all the more important towns were placed in communication with Melbourne. The South Australian lines were begun in 1856, and two years later the Victorian border was reached, Adelaide being put into communication with Melbourne on 19th July 1858. The Mother Colony lagged far in the rear of its progressive

southern neighbour, for it was not until January 1858 that the first line in New South Wales, from Sydney to Liverpool—a distance of 22 miles only—was opened for traffic. In the same year, however, the telegraph reached the Victorian border, and communication was established between Sydney, Melbourne, and Adelaide. Tasmania began its telegraph construction in 1857, and joined with Victoria in the laying of a cable across Bass Straits in 1859; but the work was not successful, though the attempt may be taken as an example of the progressive spirit animating Victorian enterprise at this period.

An event of great historical importance occurring at this time was the opening up of the Murray River to steam navigation. Captain Cadell had descended the river from Victoria in a canvas boat, and this exploit had drawn fresh attention to its value as a means of inter-colonial communication and a source of prospective profitable trade along its course. Governor Young when in South Australia took a keen interest in the matter. Many accidents had happened at the mouth of the river, but the Governor believed that a good harbour might be constructed at Port Elliot, and a short tramway made thence to the Murray at Goolwa, distant seven miles. He therefore procured the offer of a bonus to the man who should take the first steamer up the stream so far as the Darling Junction, and he himself accompanied Captain Cadell to Echuca, 1300 miles, in the *Lady Augusta*. In his River Murray projects the Governor was undoubtedly too sanguine, not sufficiently taking into account the circumstance that the flow of the Murray was variable, and that the eastern colonies might also have views with regard to the exploitation of any possible traffic. The tramway proposed by him was, however, constructed, and a sum of £20,000 spent in constructing a breakwater at Port Elliot. "He believed and wrote," says one of his critics, "that it would become the New Orleans of the Australian Mississippi, but the money was literally thrown into the sea." The water-borne traffic of the Murray never greatly

benefited South Australia, for when it began to grow to any appreciable volume it was promptly tapped by the Victorian railway system. Nevertheless, in the broad Australian sense, the passage of the first steamer was a highly important historical event.

II

THE END OF THE CONVICT SYSTEM

AT the beginning of the period a movement was set on foot to link up the various colonies, so as to form one front to oppose the further transportation of criminals to any part of Australia. The Launceston Association took the initiative, having first secured the adhesion of leading citizens of Hobart, and two delegates (the Reverend John West and W. P. Weston) were deputed to visit Australia as representatives of the colony of Van Diemen's Land. At Melbourne a conference was held with the local association, and expressions of goodwill having come from Adelaide and Sydney, the Australasian League and Solemn Engagement was formed, which undertook to use every effort to put an end to transportation, the individual members pledging themselves not to employ any person arriving under sentence after 1st February 1851, the date of the formation of the Association. A delegate was sent to England, and the headquarters moved to Sydney, where the movement was taken up with the greatest vehemence. In acceding to the wishes of New South Wales that there should be no more criminals transported to that country, Earl Grey indicated that there might be a slice of territory in the north cut off, for the formation of a colony willing to receive convicts for the sake of the free immigrants who would be sent with them, and whose passages would be paid for out of the grant made by the British Parliament for emigration. In making common cause with Van Diemen's Land, New South Wales was really looking to its

own protection both from possible dismemberment and the probable influx of convicts from a suggested northern convict colony. The Sydney Association became merged in the Australasian League, and delegates were appointed to go to London to maintain the cause of the colonies. Petitions were drawn up for presentation to the Queen, and an appeal was made to the people of the United Kingdom; the colonists wording their petition and appeal as if there were a personal quarrel between them and Earl Grey.

As has been seen, the object of the British Government in transporting felons to Van Diemen's Land was not merely to furnish that colony with labour, but principally that they should ultimately find their way to Victoria and New South Wales, where it was considered a wide field of suitable labour was open to them in the pastoral and agricultural districts. When once the gold discoveries were made this argument was no longer plausible. It was plain that ex-convicts would never betake themselves to pastoral pursuits while the gold-diggings were open to them, and that few places offered a more promising field for successful villainy than the colony of Victoria in the height of the gold fever. Under these circumstances the English Government determined to alter its policy. The Government of Lord John Russell, of which Earl Grey was a member, gave place, on 27th February 1852, to that of the Earl of Derby, with Sir John Pakington as Secretary of State for the Colonial Department, and the Queen's speech on 11th November following invited Parliament "to devise means by which, without giving encouragement to crime, transportation to Van Diemen's Land may at no distant period be altogether discontinued." The Government of Lord Derby was displaced by that of Lord Aberdeen on 28th December 1852, but not before the promise of the Queen's speech had been redeemed, for on 15th December Sir John Pakington gave the colonists the welcome intelligence that transportation to Van Diemen's Land would be abolished, at the earliest date consistent with carrying out the arrangements then in hand—namely the despatch

of one more ship, the *St. Vincent*, which sailed a fortnight later. Thus ended the great struggle of Eastern Australia against the revival of convict transportation.

The inhabitants of Van Diemen's Land seized the occasion offered by Sir John Pakington's despatch to commemorate two important events—the fiftieth anniversary of the foundation of the colony, and the cessation of transportation to its shores. The day selected for the celebration was 10th August 1853, and was marked by public festivities and by religious services in the various churches. To emphasize this turning-point in the history of the colony, and to break off, in a manner, all associations with a dark and dishonoured past, the colonists were desirous of changing the name of their island from Van Diemen's Land to "Tasmania," in honour of the intrepid Dutch discoverer who first visited its shores; and this change was shortly afterwards legalized by a vote of the legislature. Nevertheless, though the island was thus severed from a name that was redolent of infamy, the evil consequences of the old penal system yet remained. The convict element had been greatly reduced by emigration to Australia, but it was still sufficiently strong to be a standing menace to a peaceful, orderly, law-abiding, and industrious population. When the more hardened of the criminals escaped from confinement, which they often contrived to do, they deliberately embraced a career of rapine and violence in the bush, and hesitated at the commission of no atrocity in the prosecution of their nefarious designs; indeed, the bushrangers of Tasmania were quite as brutal and callous as their predecessors in the old penal days of "Vandemonia." Their wild deeds, too, were not only practised in Tasmania; occasionally escaped convicts crossed over Bass Straits, and continued their lawless career on the diggings and elsewhere on the mainland.

Victoria followed the lead of New South Wales and South Australia in passing an Act to prevent the immigration of convicts "illegally at large," and, unlike them, it did not bow to the ruling of the Colonial Office that the Act was

an infringement of the Royal prerogative. The circumstances of the colonies were very different, and Victoria justified the stringency of its methods by the urgency of her case. The struggle between the legislature and the Home Government on this question added to the bitterness of the colony in regard to transportation, even after convicts had ceased to be sent to Tasmania.

Meanwhile, transportation to Western Australia had begun. When the British Government was endeavouring in 1848 to do something to relieve Tasmania of its intolerable burden of convictism, by getting other colonies to take the so-called exiles, Earl Grey did not overlook Western Australia. At the time the colony was in a state of great depression. Wool was selling at from 6d. to 9d. per lb. in the English market, a price which left little for the grower; and sandalwood, another important article of export from Western Australia, had also greatly declined in price owing to failure in the demand at Singapore, where the market had been glutted by excessive importations in the preceding year. The colony offered little or no attraction to colonists, and most of those who could get away left the country for South Australia, and any withdrawable capital was taken away for investment elsewhere.

In these circumstances Western Australia declared itself willing to accept prisoners of the Crown. The colonists, however, were more in favour of having a regular penal establishment in the country than of receiving only "exiles" and ticket-of-leave men as Lord Grey had suggested. In fact, what they were looking for was the influx of money which the penal establishment would bring in, rather than the opportunity of themselves employing convict labour. The country settlers indeed were as a whole opposed to the idea of turning the settlement into a convict colony, but the population of the towns desired it, or rather, as Governor Fitzgerald put it, "they grasped at the first hope of rescue that offered like drowning men," for they felt that the colony was upon the verge of complete disaster.

While willing to receive convicts, the people of Western Australia stipulated that certain conditions should be observed as to the class of persons who were to be sent out. First, it was desired that free immigrants should be sent to the colony in numbers equal to the convicts transported and, secondly, that the convicts should be drawn from the agricultural districts, and that the majority of them should have been brought up to agricultural labour and the balance to be rough, country artisans. They also asked that no one should be sent to the colony under sentence for life; this stipulation was not made out of tenderness to the convict, but in order to avoid the infamies associated with the names of Norfolk Island and Port Arthur.

While objecting to "lifers," the colonists desired that the men sent should, on their arrival in Western Australia, still have a considerable portion of servitude in front of them; it was at least prudent, if the colony were to take upon itself the reproach of convictism, that it should have the compensation of obtaining a class of men whose presence in the colony would involve considerable expenditure. In fact, the requirements of the Western Australians were somewhat contradictory. They wished for long-sentence convicts likely to lead industrious and blameless lives in the colony. "Happy the nation," exclaimed Colonel Jebb, "which has such convicts to transport." The British Government nevertheless made no difficulty about accepting the conditions, and towards the close of 1850 a convict ship was on its way to the colony. The first convict arrivals comprised both men with tickets-of-leave and men under sentence. The ticket-of-leave men found employment very readily, as there was at the time a demand for labour; the men under sentence were employed on public works. There was no prison in the colony capable of housing more than a few men, and one of the first works upon which the convicts were employed was the erection of a jail for their own reception. This was put up at Fremantle and was able to accommodate

800 prisoners. As a guard to each convict ship the British Government sent out small bodies of military pensioners, who volunteered for the service; these men performed similar duties for some time after their arrival in the colony, until permanent arrangements were made for the safe-keeping of the prisoners; as some return for their services, cottages were built for them and they received grants of from three to ten acres of land. A small body of military was also sent to the colony, and a small police force was locally enrolled.

The colonists were not anxious to have ticket-of-leave men sent them; they preferred to receive men under sentence, as the maintenance of such entailed a larger expenditure from British funds. The local authorities dealing with the convicts were also averse from any large number of ticket-of-leave men being sent to them, because the market for labour was very limited, and considerable difficulty was anticipated in placing and keeping such men in employment. At first there were always some ticket-of-leave men who could not be placed in private employ; these were put on the Government works at the nominal wage of £12 a year. The actual wage was at first only £7, the other £5 being deducted as a set-off against the expense of their passage to Australia. It had been suggested, when the question of Western Australia becoming a convict colony was first discussed, that one of the advantages to be gained was that settlers would be able to obtain cheap labour. The idea of the colonists was that the convicts should have no say in the fixing of their wages, which would be according to a fixed scale, the usual rate spoken of being 9d. a day or £12 a year. To carry out this idea it would be necessary to set up some form of assignment, but the English Government would not allow this and required that ticket-of-leave men in private employment should be free to make their own bargains as to wages. In the event the wages of convict servants were usually higher than £12 a year, except in the case of agricultural labourers.

Transportation to Western Australia was carried on for about eighteen years, and during that period nearly 10,000 convicts were received. The men were selected carefully in England, with a view to the special requirements of the colonists, and their conduct, after reaching Western Australia, was usually good. In 1854 Fitzgerald reported that, save for the convict parties at work upon the roads, there was nothing in the appearance of the colony to indicate that it was a penal settlement. The English authorities considered that the colonists showed a "very reasonable" spirit in their attitude towards transportation. The chief and perhaps only complaint that reached England was that too few convicts were sent out, and that twice as many could have been put on public works, if the British Government had been willing to employ them. As the support of the convicts and the cost of these public works were charges upon the British taxpayer, the attitude of the colonists is not difficult to understand. The people of Western Australia were even willing to receive women convicts, with a view doubtless to the expenditure which would be necessary to their maintenance, but the English prison authorities had determined not to transport any more women, as the experience of transportation to Eastern Australia and elsewhere had shown that they were less likely to reform than men and were a pernicious influence in a penal colony.

The British Government endeavoured to send out about 500 convicts a year to Western Australia, but as the period advanced increasing difficulty was experienced in obtaining this number. Conditions had changed greatly in Great Britain compared with those of as late as 1846, when the prisons were overflowing. A different system of treating offenders had been introduced. Sentences were very much shorter than they had been, and the administration of justice had been shorn of much of its brutality. Only men sentenced to at least seven years were transported, and after Bermuda and Gibraltar had been supplied the number left for Western Australia was

not sufficient to maintain an important penal settlement. In 1861 it was clear that the system could not be continued much longer, and Western Australia made preparations for its cessation.

Having regard to the number of convicts sent out, the cost of the penal station in Western Australia was very great. The expenditure by the British Government, from the despatch of the first ship in 1850 to the end of 1859, on the transportation of prisoners and their maintenance and on the contingent charges for free immigration, was £987,000, and as the number of men transported during these nine years was 5400, the average cost was £182 per head. Much of the money was spent in the colony, but the amount, especially at first, was by no means as large as had been anticipated. In the earlier years of the period Western Australia was not in a position to furnish, from its own soil, the food-supplies required by the convict establishment, and grain and other food-stuffs were obtained from South Australia; most other descriptions of stores were also imported. Towards the end of the period local production was greatly increased and the local farmers, graziers, and merchants began to gain some important monetary advantages from the presence of the penal establishment in their midst.

The population of the colony was so small that the effect of the convict element on labour conditions was very marked. In 1850 the whole population numbered only 5866, viz. 2395 females and 3471 males; included in the latter were 152 persons who had originally been transported as "convict boys" from Parkhurst Prison between 1843 and 1850. In 1861 the population had grown to 14,837, of whom 9522 were males and 5315 females; the adult male population numbered 7112, and of these 3266 were persons born in the country or who had arrived free, and 3846 were transportees. It is obvious from these figures that in spite of the difficulty of communication between Western Australia and the outer world, a large number, perhaps one-fourth, of the convicts transported

left the country and made their way, most probably, to the eastern colonies ; of those who remained not a few became prosperous settlers.

Transportation to Western Australia was at no time the dreadful nightmare that it became in Van Diemen's Land and even in New South Wales. The refusal of the eastern colonies to accept convicts, or the so-called exiles, on the grounds of the moral and physical evils that would attend their presence, seemed to the English authorities a challenge to prove that no such evils need have been feared, and a very careful selection was made of the men who were transported, while women were not at any time sent to Western Australia. There were other evils of an economic character that selection, however careful, could not remove, and there is every indication that the presence of a larger number of convicts and ex-convicts than of free workers tended to depress wages and lower the standard of well-being of the whole community.

It is not unfitting at this stage to consider to what extent the convict strain leavened the general population in after years. This matter has not infrequently been discussed, and notwithstanding that the facts available are sufficient to enable a fairly correct conclusion being come to, most writers have contrived to miss their special significance, and this in spite of the assistance given them by contemporary opinion.

In 1841 the population of New South Wales as then constituted, that is to say, including the Port Phillip and Moreton Bay districts, was 130,856, and of these 46,374 were persons who had been originally transported. In 1828 there were 8725 persons living who were born in Australia, and of these there were surviving in 1841, 6800, of whom 5425 were born of convict parents and 1375 of free parents. In the interval between 1828 and 1841 there were 29,427 births, of these 11,832 were to convict mothers, and 17,595 to mothers who had arrived free ; and the survivors in 1841 numbered 8400 of the former class, and 14,250 of the latter. The total number of persons,

therefore, in 1841, either convicts themselves or of convict ancestry, was 60,199, or 46 per cent of the whole population. From this fact the very hasty conclusion has been drawn that the convict element was in a fair way to permeate the whole population. A consideration, however, of the elements of the convict population does not give much support to this theory. Of the 46,374 convicts surviving, there were 39,600 men and 6770 women, and of the men it is estimated that not more than 5000 were married and had wives in Australia. It is notorious that the free immigrant population did not intermarry with the convict. The line between the two classes was drawn as distinctly as between the white population and the black, and it is safe to say that, for the purpose of contributing to the increase of the population, 34,600 of the convicts were as if they did not exist. The effective or future effective population in 1841 was therefore comprised of 5000 male convicts and their women-folk, the free population of convict birth numbering 13,825, and the free immigrant population and their descendants numbering 68,527: approximately 38,564 males and 29,963 females. Ten years later the survivors of convict origin numbered 29,300—25,000 males and 4300 females, and those of convict ancestry 17,000. Very few children were born to convict parents after 1851, as the majority of the convict women were too old to become mothers, so that the convict blood was transmitted by the 17,000 persons born in the colony. It is a very liberal estimate to suppose that these persons increased their numbers at the rate of 2 per cent a year, but assuming this, their total would in 1861 have been about 20,500, while the remnant of the original convict population was barely 18,000. If the figures are carried down another ten years, it may be assumed that the original element had disappeared, and their descendants numbered 25,000 out of a population of 1,600,000, or about $1\frac{1}{2}$ per cent, so quickly and effectually were the original elements overwhelmed by the inflow following the gold discoveries.

III

THE DISCOVERY OF GOLD IN AUSTRALIA

IN 1839 Count Strzelecki found traces of gold in iron ore at Hartley in the Blue Mountains, but Governor Gipps, fearful of its effects on a convict community, persuaded Strzelecki to keep the discovery secret. Again in 1841 the Rev. W. B. Clarke found grains of gold in a creek near Bathurst. Speaking in England in 1844, Sir Roderick Murchison stated it to be his belief that the Great Dividing Range of Australia would be found to be as rich in gold as the Ural Mountains in Europe. When the Californian gold-fever was causing serious anxiety in New South Wales the possible discovery of gold in the colony assumed a different aspect, and the Governor sent to England for a competent geologist. This was found in the person of Stutchbury, who arrived in Sydney early in 1851. He was told that gold was believed to exist in the neighbourhood of Bathurst; he made a survey of the district and, unfortunately for his reputation, reported that he could trace no indication of the metal in that locality. In the meantime, a colonist named Hargraves, who had seen the gold-diggers at work in California, had convinced himself that gold did exist in considerable quantities in the Bathurst district, and under his guidance the Government geologist was able to confirm the discovery. By the middle of May about four hundred persons were at work on the diggings, and gold began to arrive in Sydney. The minds of all classes in the community were infected with intense excitement, and hundreds of people abandoned their employ-

ments and set out for Bathurst, the nearest town to the gold area.

As soon as it was evident that a considerable number of persons would leave their ordinary occupations to follow gold-digging, the New South Wales Government issued provisional regulations, aimed at securing to the public revenue its legitimate share of the gold abstracted, and making easier the settlement of disputes in the working of the goldfields. The chief provision was that persons who desired to search for gold should pay a monthly licence fee of 30s., which would entitle them not only to dig for gold, but to encamp upon the waste lands of the Crown, under the protection of the Government. These regulations were followed by the practical step of despatching Commissioners, with a sufficient number of police, to control the fields and maintain order. Within six months of the gold discoveries, the Governor was able to tell his Council that "the order and obedience to the regulations were highly creditable to the large number of persons employed," and in June 1852 he again reported that he was able to testify "from personal observation to the law-abiding spirit which characterized the great body of the gold-miners."

Before the close of the year 1851, 12,186 licences had been issued, the majority on the Turon. From these figures it would appear that the average number of licensed diggers at the first rush was less than 2500, but the numbers increased largely during the following year (1852), which was the period of largest production in New South Wales, when gold to the value of £2,660,000 was brought to Sydney. Some of this was Victorian gold, but the bulk, perhaps nine-tenths, was won on the Turon and at Ophir, both within the Bathurst district. During the first three months of the year the average number of licences issued was 4130, but the number of diggers was certainly larger, as there was always a considerable body of unlicensed gold-seekers.

For some years prior to 1851 it had been known that gold was to be found in Victoria, and in 1840 a shepherd

brought to Melbourne a piece of quartz containing 16 oz. of gold, which he said he had picked up in the Victorian Pyrenees; and when the discoveries in New South Wales were announced, a reward of £200 raised by private subscription was offered for the discovery of a gold mine within 200 miles of Melbourne. The Gold Discovery Committee was formed in Melbourne on 9th June 1851. On the following day William Campbell, a settler on the Loddon, found some specks of the precious metal in quartz, upon the station of Donald Cameron, at Clunes. Then the excitement grew and spread. On 5th July a discovery of gold was reported at Anderson's Creek, and on 5th August gold was found at Buninyong. On 26th August Latrobe issued a proclamation legalizing the search for gold on the waste lands of the Crown, under regulations precisely similar to those which already existed in New South Wales. The regulations were to take effect from 1st September 1851; an officer was sent to take charge of the Buninyong district, and steps were taken to organize a small police force. On 8th September the Ballarat field about six miles from the township of Buninyong was discovered. During this month Latrobe visited Ballarat and found four or five hundred cradles at work on the stream, and not less than 2500 persons either working or making their preparatory arrangements, while the arrivals were computed at 100 daily, and 1000 to 2000 were known to be on the road from Melbourne and Geelong. He estimated the average produce at not less than 700 oz. of gold a day, but it very soon immensely exceeded this amount. Considerable quantities of gold began at once to be brought to Melbourne and the other towns, and the effect upon the population of Victoria was very great. For a week or so, at the end of September, the streets of Melbourne were crowded with drays upon which outfits of diggers were being loaded, and immediately afterwards the place appeared deserted. In a despatch of 10th October 1851 Latrobe thus described the exodus: "Not only have the idlers and day labourers, shopmen, artisans,

and mechanics of every description thrown up their employments . . . but responsible tradesmen, clerks of every grade, farmers, and not a few of the superior classes have followed . . . some unable to withstand the mania, but others because they were, as employers of labour, left in the lurch and had no other alternative. Cottages are deserted, houses to let, business is at a standstill, and even schools are closed. In some of the suburbs not a man is left. . . . The ships in the harbour are in a great measure deserted . . . farmers join their labourers and go shares . . . masters of vessels do the same. Fortunate the family, whatever its position, which retains its servants at any sacrifice."

The Government suffered no less than other employers. Police, clerks, and officers of almost every grade left their work for the goldfields. Latrobe saw that it was impossible to check the stream, and paid no heed to the suggestion that digging licences should not be issued till the harvest and shearing were over. He relied upon some reaction taking place, when the real nature and precarious results of a digger's work were known. There appeared for a time some chance that this would occur. Towards the close of October hundreds of men did return to their ordinary occupations, but at the end of the year the discovery at Mount Alexander of gold in a pure state, and in many cases upon the actual surface of the ground, and the enormous gains reaped after the labour of a few hours, sent the whole community into a condition of delirium. From the neighbouring colonies, even from the rich fields of New South Wales, a stream of immigrants began to pour in, and the question of administering the government became a very difficult one. Every department was crippled, prices and wages rose enormously, contracts could not be enforced, and at the same moment the duties of the Government were increased, not merely by the extraordinary demands of the goldfields, but by the ordinary problems of local administration. In 1851 there was not in the whole colony a mile of macadam road, the existing

roads to the interior being practically bush tracks, which were, at times, almost impassable. Yet it was incumbent upon the Government not only to carry stores for its own officials and to provide for the safe carriage of the gold, but to keep the roads open for ordinary traffic, lest famine and disease should make their appearance on the goldfields. Latrobe viewed the situation with misgivings which he did not conceal from the Home Government.

The question of the administration of the goldfields was so vital, and the actual course adopted led to such unfortunate results, that it is as well to state clearly Latrobe's view of the matter. From the moment when the existence of an important goldfield in Victoria was known he expressed his disapproval of the licence system. He adopted it because it was already in force in the adjacent colony, but he regarded it as a temporary expedient, and as early as October 1851 he expressed the hope that Fitzroy would soon receive instructions from the Home Government, which he could at once apply to Victoria. In his view an export duty was the best means of procuring a revenue from the gold. He was prevented from imposing this duty, partly from deference to the action of the Governor-General in New South Wales, but mainly to the fact that such a step would have placed the revenue within the control of the Legislative Council, whereas licences formed portion of the land revenue, which was under the control of the Crown. The latter fact complicated the Governor's difficulties, for the Legislative Council, as a protest against the administration of the Crown lands, refused on 26th November 1851 to find any sums necessary for payments required for services arising out of the gold discoveries. The Governor, therefore, was compelled to turn to the gold revenues in order to defray the heavy increase of expenditure which those discoveries had imposed upon him. With the advice of his Executive Council, therefore, he decided at the beginning of December 1851 to increase the licence fee from 30s. to £3 a month. In taking this step the Executive Council was not only

influenced by the need of an increased revenue, but also by the manifest disproportion between the advantages reaped by the gold-miners and the Crown, and also by the hope that the increase of the fee might lead unsuccessful diggers to return to their ordinary employments. The proceeding was very ill-judged, for it was sure to be felt as oppressive by the class most likely to be disaffected to any government—the unsuccessful gold-seekers. It was speedily apparent that resistance would be made. From all quarters, from the towns as well as the goldfields, a furious clamour arose. The fee was denounced as a tyrannous impost, and violent harangues were delivered to applauding thousands, in all the great centres of mining. A reign of anarchy seemed imminent. At Forest Creek, one of the speakers, addressing a gathering of 14,000 men, urged a refusal to pay any fee whatever. It was ultimately decided not to pay the increased fee and to resort to force in self-defence. At Geelong a similar meeting was held and violent diatribes were launched against the Government. Such disorder Latrobe had no means to check. It occurred at a most critical moment, when large numbers of the mining population were going to Melbourne with their gains to spend Christmas, and when, at the close of the year, the Government was about to lose a large number of its subordinate officials. From the first discoveries there had been large numbers of resignations and desertions from the police force, and in the closing days of 1851 only two of the foot police remained on duty in Melbourne, while throughout the country the constables, warders, and turnkeys had almost entirely abandoned duty, and it was impossible to replace them. The troops in the colony numbered fifty, and an appeal to New South Wales added thirty to their number. In these circumstances the Government surrendered, and withdrew the notice, thus proclaiming, as if from the house-tops, its own weakness and vacillation. Latrobe was fully conscious of his position. He wrote to the Secretary of State deplorably: “When I am called upon to act most energetically, in order

to ensure good order and to obviate the disorders which threaten the community and am fully disposed to do so, my hands are paralysed." He asked for help at least to the extent of one regiment in view of the "undeniable inability of the Executive Government to oppose physical force to any outbreak."

The notice imposing an increased licence was rescinded on the ground that the whole system of the goldfields would be reconsidered, and on 22nd December the Legislative Council adopted certain resolutions declaring licences to be unproductive to the revenue, and unequal in the burden they laid upon the diggers, and urging the substitution therefor of an export duty upon gold. The Governor felt himself unable to take any action that would have the effect of removing the gold revenue from the control of the Crown, and therefore declined the Legislative Council's advice, although, as we have seen, he was convinced that the system of export duty would be more productive of revenue and more palatable to the miners. He continued the licence system, and in order to compel the payment of licences an Act was passed increasing the penalty upon unlicensed diggers. The situation was very difficult. The incitement to crime was immense. Gold was arriving in Melbourne by Government escort or by private hands at the rate of about two tons a week, and the means to protect it in transmission were very inefficient. Upon the goldfields the difficulty in maintaining order and regularity was enhanced very greatly by the constant change and drift of the population. Thus, no sooner had Ballarat been organized to some extent than the centre of gravity shifted to Mount Alexander, and the Government was left with an expensively organized camp, almost useless, and faced with the need for equipping another elsewhere amid almost incredible difficulties.

At the beginning of 1852 the character of the diggers changed decidedly for the worse. Numbers of Victorian colonists then returned to their homes and the influx of

men from Van Diemen's Land was enormous. The diggers numbered from 20,000 to 30,000, and of these several thousand were of the criminal class, emancipated suddenly from the severest restraint and the most watchful vigilance. It was amazing that under such circumstances crime did not run riot. That it did not Latrobe bore constant testimony. Isolated crimes there were, but, on the whole, peace and good order marked the goldfields of Victoria as of New South Wales.

So far the influx of population had been almost entirely from the other Australian colonies, and was poured into Melbourne as the easiest point of access to the goldfields. By April 1852 the city contained thousands beyond its normal population or its means of affording them accommodation. This concourse of beings in migration had to be permitted to encamp in the open spaces of the city, while its members prepared themselves for the goldfields. In that month forty fully-rigged vessels lay in the harbour, mostly deserted by their crews. From one of them a portion of its valuable gold cargo was stolen while the seven hands on board were asleep. The Governor had no means to prevent such crimes.

Matters were not improved when, in June 1852, a despatch was received by the Governor, which, while placing the gold revenue at the disposal of the local legislature, suggested that additional revenue might be raised "either by an export duty on gold or by a royalty." An Export Duty Bill was introduced, but it was shelved almost immediately. This second tax was naturally unpopular with the gold-miners, already smarting under the evils of the licence system. Disorders threatened in various districts, and at Forest Creek it was resolved at a mass meeting to pay no licence fee if the duty were levied. In the face of this opposition the Export Duty Bill was withdrawn.

It was generally believed that the withdrawal of the Bill was due to the interference of the gold merchants, who brought strong influence to bear upon the Legislative Council and encouraged a feeling of resentment amongst

the miners, who were persuaded that the duty would fall upon them. The miners were then selling their gold at 55s. an ounce, or much below its value, and were led to believe that they would have to take a still smaller sum on account of the duty ; in the circumstances the exporters were able to get the miners to fight the battle for them. There seems little reason to blame the Governor in acquiescing in the withdrawal of the Bill. The agitation against it was marked by unseemly and violent language, but there was nothing worse. Nor was the measure what Latrobe had desired. His wish had been to substitute an export duty for the licence fees, in order to avoid friction, and at the time the duty was proposed the licensing system appeared to be working far better than he had ever anticipated. The number of licences still fell short of the number of diggers ; nevertheless the return was very large, and it amounted in the twelve months March 1852–1853 to more than three-quarters of a million, a larger revenue than was ever raised subsequently from the gold. By the middle of 1852 the administration of the gold-fields had improved greatly. A fairly efficient police had been obtained, and, while there was a good deal of crime, there was no organized revolt against law.

In September 1852 the effect of the gold discoveries upon immigration from Europe became apparent. Before that time the voluntary immigration thence had been little more than in previous years. In September between 19,000 and 20,000 persons landed in Melbourne, as compared with 6000 in the previous eight months of the year, and from that time the flood poured in. A motley host, speaking a babel of tongues, the immigrants included not only what has been picturesquely described by an Australian writer as the “brain and brawn of the Old World,” but also many that could easily have been spared, fugitives from justice, adventurers from California and the South Pacific, escaped convicts and disguised bush-rangers, sharpers and professional gamblers from every city on the Continent or in the States ; yellow men from

Canton, Malays from Singapore, mingled with adventurers from every country of Europe, from America and from the islands of the Seven Seas. The nobly born and the gently-nurtured, professional men and navvies, artisans, farm labourers, deserting soldiers and runaway sailors, political refugees from France, Germany, and Russia—representatives, in short, of every civilized and almost every uncivilized people under the sun—poured in never-ending stream into Port Phillip, *en route* for the goldfields. There was not accommodation for a tithe of the people disgorged by the constantly arriving ships. Tents were pitched in all the open spaces. Many of the newcomers were destitute, and suffered great hardships until shelters were erected for them at the public expense. The roads leading from the capital to the mining centres presented scenes scarce equalled in fiction : these roads were for the most part little more than bush-tracks. With the continual going and coming of hundreds of drays and thousands of pedestrians they became, in wet weather, ever-broadening quagmires in which drays and waggons sank up to the axles. Men, women, and even children trudged along, often carrying on their backs such tools as were deemed necessary to extract the gold from the soil. Every imaginable type was represented, every imaginable costume. In the great throng were men of every social layer ; men of every profession and trade, down to footpads and criminals eager for the slitting of throats. Excitement was on every face ; for the wildest rumours were rife of fortunes won at a blow of the pick. And some of these rumours were true, as witness the finding of the Canada Gully nugget, which weighed 1620 oz.

The scene on the fields, in the valleys, and all along the creek course of Clunes, Buninyong, and the Loddon River was strangely picturesque. Thousands of tents and huts dotted the landscape. During the day an army of sun-burned, bearded men burrowed the earth or wheeled and cradled the golden dirt ; at night they sat around their camp fires, talking, smoking, singing ; or swelled the

throng that frequented the stores and grog-shanties, which latter were countless and did a roaring trade. A week before, perhaps what was now a vast encampment had been but a typical Australian gully, untenanted, save by a few bush animals.

By the close of 1852 the goldfields population numbered about 70,000 men and 25,000 women and children. As a rule good order was maintained, but here and there dissatisfaction showed itself. Every act of the Government or the police could easily be construed into an act of tyranny. Thus, in November 1852, when the Ovens goldfield was opened up, the Commissioner attempted to collect the licences for November late in that month. The miners objected, and in the proceedings a man was killed by the accidental discharge of a policeman's firelock. A riot was the consequence. The Governor paid a hasty visit to the scene, sent an additional police force, and urged greater discretion. The Ovens River goldfield retained a bad name, however; it was far removed from Melbourne, and the miners were regarded in Victoria as the off-scourings of New South Wales, from which colony most of them came. Such inter-colonial compliments were common, however.

Upon all the goldfields the police were in the habit of burning tents the occupants of which were engaged in the illicit sale of spirits. At Forest Creek they burned one belonging to innocent men, whereat a public meeting was called, and notices were posted, some of which ran thus: "Down with oppression! Diggers, avenge your wrongs! Cry 'No quarter!'" The magistrates hastened to make reparation. The informer received five years for perjury, and the owners of the tent were awarded damages. In such a community the possibility of disorder was always present. In 1853, owing to the vast immigration, it became possible to obtain a good class of police, and Latrobe organized a body of cadets, young men of superior education, who, though they served as ordinary police, ranked as officers in the general estimation, and supplied

most of the officers to the force. Hotham complained subsequently that the police force upon the goldfields was organized too elaborately, was too military in its regulations, and too completely separated from the diggers themselves. Latrobe aimed at making the police a class apart from the general population, in order to preserve discipline, and, if it was a mistaken course, it was a fault of a very different character from what was usually attributed to him. But it was not until 1853 that such a force was possible. Until then neither the men nor the equipment could be obtained.

At the beginning of 1853 a change in the laws relating to the goldfields of New South Wales led to a threat of armed resistance at the Turon. This was suppressed immediately by a show of force, but the obnoxious clauses of the new Act were altered, and in June 1853 the question of abolishing the licence fee was discussed in the New South Wales Legislative Council. The matter was referred to a committee which reported adversely. So far as New South Wales was concerned, the matter was of little importance, but the prominence given to the discussion was sufficient to start a far more serious agitation on the goldfields in Victoria. Latrobe wrote at once to Fitzroy, pointing out the difficulties in which his Government would be involved should the New South Wales legislature remove the licence fee. But the mischief had been done. By raising the cry of abolition of licence fees the disorderly agitators on the goldfields were able to attract large numbers of the more orderly diggers, especially as the large accessions to the mining population during the preceding twelve months had added greatly to the number of the unsuccessful, who found a fee of £18 a year a very severe tax. The time was opportune for agitation, as the Mining Act, which had been passed for two years only, was about to expire, and fresh proposals must of necessity be submitted to the Council. On 1st August 1853 delegates from all the various mining centres waited upon the Governor. They poured out their grievances, among

which the chief was the excessive amount of the licence, the arbitrary manner in which it was levied, their lack of representation in the Legislative Council, and their inability to purchase land. Latrobe said he would consider the representations made, but added that he had no power to alter existing laws. At a public meeting convened by the Mayor of Melbourne, the delegates gave free vent to their troubles. Some of them threatened that if their demands were not granted, a hundred thousand diggers would ring Melbourne round with fire, and orderly citizens saw with anxiety that these sentiments evoked much sympathy from the audience. The delegates returned and reported that the capital was with the miners. Shortly afterwards Latrobe published his reply to the deputation. He argued the questions in dispute, and ended with pronouncing a mild homily which nobody heeded. He said that the law must be kept, but that the question of its alteration would be discussed by the Legislative Council which was to meet immediately, and to which the Governor offered to nominate a delegate to represent the mining interests. The Governor was at his wits' end, yet he found resolution enough to despatch 150 soldiers to Bendigo, and to land marines to guard the gaols in Melbourne. He also sent for further reinforcements from Hobart and from Sydney. It was hoped that these measures would be enough, and that the licences for September would be taken out as usual. On 30th August, however, it became clear that at Bendigo this would not be done, and the Commissioner upon the field and the Executive Council regarded it as impossible to collect the fees by force. Instructions were therefore sent to the Commissioners at the various fields that no attempt should be made to use compulsion. It was added that the Governor could not abrogate the right to the licence fee so long as it was legally due, but this statement, by a clerical error, was omitted from the transcript, and the Commissioner at Bendigo felt himself justified in issuing a notice that the taking out of licences would not be enforced compulsorily. On the

following day the Governor's proclamation in the original sense arrived, but it was too late for it to have any other effect than to heighten the contrast between the will and the power of the Government.

The conciliatory measures taken prevented an outbreak, but very few licences were taken out for September, and the Legislative Council hastily passed a measure permitting licences to be taken out for the three months, September to November, at a fee of £2, thus allowing time for the whole matter to be referred to a committee. This body reported in favour of allowing licences from one to twelve months, to be issued at varying fees. Latrobe did not think this proposal offered a lasting settlement. He introduced a Bill substituting an export duty for the licence fee, but the Council now preferred the other scheme, and the licence fees were fixed at £1 for one month, £2 for three months, and £4 and £8 for six and twelve months respectively. At the same time the licences of storekeepers were made very much more costly. One consequence of this change was a very serious diminution in the gold revenue. Much more serious, however, was the effect produced upon the mind of the populace. The weakening of the Government was apparent to all, and, though a truce followed, the miners had become impregnated with the dangerous belief that they could dictate to the Government.

Latrobe was obviously unsuited to deal with the difficulties of the times. At the close of 1852 he had asked to be removed from his office, the chief reason being that his salary, which, alone among official salaries, had received no augmentation, was insufficient to support his household. The English Government in acceding to his request had spoken in high terms of his services, and in England, at the time, the feeling undoubtedly was that he had filled a very difficult post with considerable credit. But it may be doubted whether Latrobe would have been a very successful governor of Victoria, even if the gold discoveries had not been made. He had occupied there for so long a position subordinate to the Governor of New South Wales,

that it was difficult for a man of his temperament to assert his new authority sufficiently. At the very outset he proved himself unequal to the task which then devolved upon him of choosing his chief officials. The English Government had expressed the wish that they should be chosen, so far as they might be with propriety, from the officers who had already served at Port Phillip, and Latrobe had not sufficient strength of mind to reject those whose unfitness he recognized. He was thus provided with an executive which contained no one man of conspicuous ability, and, in the difficult period which followed, he could place no confidence in it. The same temper was shown in all his dealings with the gold question. Seeing clearly from the outset what ought to have been done, he had not the courage to incur the responsibility of doing it. It must, however, be remembered that after June 1852 the power to regulate the goldfields had passed from his hands to those of the Legislative Council. Latrobe left Victoria early in 1854, shortly before the arrival of his successor, Sir Charles Hotham, who had had already a distinguished career in the Navy, and who presented a striking contrast to the Governor he succeeded.

It was no sinecure that he had taken up. Though Latrobe had been able to report before he left that order was restored upon the goldfields, there was material there ever ready to burst into flame. At the end of June 1854 it was necessary to send troops to Bendigo for this reason. The diggers continued to shirk the payment of licence fees, so that the revenue from that source was small, and, as the Treasury showed a deficiency of a million, the need of strong action was obvious. In July the Governor called the attention of the Chief Commissioner to the irregularity of licence fees, and in September following an order was issued to the police directing them to devote two days a week to the hunting down of unlicensed diggers, that is to say, of any one engaged in searching for gold who had neglected to renew or procure, or who had lost or mislaid, his licence. In consequence the number of licences issued

during September and October increased by about four thousand. The increase was dearly bought, however, and the order fanned the smouldering ashes of rebellion into a flame.

A digger named Scobie had been killed in a scuffle at an hotel in Ballarat kept by a man named Bentley, and the man's comrades believed the latter was concerned in what they considered to be murder. Bentley, his wife, and a man named Farrell were arrested, and, though the evidence was strong against Bentley, he was acquitted, through the favour, it was currently reported, of the presiding magistrate. Indignation meetings were immediately held, and at one of these the hotel which had figured in the trouble was burnt to the ground, the owner only escaping by flight on horseback. For this act of incendiarism three men were arrested, not one of whom, it was alleged, was concerned in the affair. A public meeting was held, at which resolutions were carried demanding their immediate release, affirming at the same time the right of the people to the exercise of political power. However, the three prisoners were taken to Melbourne, and sentenced to short terms of imprisonment.

Apprised of the circumstances attending the death of Scobie, the Governor offered a reward for the murderer, and Bentley, together with his male accomplice, was convicted and sentenced to hard labour on the roads. The magistrate, who presided at the first examination and seems to have been a corrupt creature, was dismissed. But, prompt as he had been to admit that a wrong had been done, Hotham nevertheless took measures to prevent popular outbreaks by placing on the spot 450 soldiers and policemen, under the command of Captain J. W. Thomas.

At Ballarat a "Reform League" was formed, with the avowed object of removing the power that "tyrannized" over them and deprived them of their representation. The Governor, nothing daunted, proceeded to appoint a commission to report on the administration of the gold-fields; and when a deputation demanded the release of

the three men imprisoned on account of the Bentley fracas, they were met with a polite but firm refusal. On the subject of representation for miners, the Governor explained that a Bill conferring the suffrage on all holders of licences had been sent to England, and offered to allow them to elect a representative whom he would nominate to the Council. This offer was refused with scorn, and the Governor could do no more.

It is worthy of remark that up to this time Ballarat had been the portion of the goldfields where order was best preserved. It is true that the opening of the Eureka valley had attracted thither, at the close of 1853, large numbers from Bendigo and other fields, and that the worst elements in the mining population were always the first to hasten to a new discovery. But the disaffection at Ballarat in 1854 was produced by deeper and more potent causes than these.

In the first place, mining was changing its character. The easy superficial digging of the early days was being replaced by a system of deep sinking. In many cases the miners found it necessary to sink for a hundred or two hundred feet in search of the "lead" and this was especially the case at Ballarat. It was also becoming necessary to use quartz-crushing machines, and other expensive appliances. The initial difficulty and expense caused by this innovation led to a great change of attitude towards the licence fee on the part of quiet and steady men. The yield of the goldfields was also decreasing, though the decrease was only temporary. In 1852 it was estimated that the yield exceeded sixteen millions in value. In 1853 the value was about twelve millions, and in 1854 it sank to eight and three-quarter millions. During the same period the number of gold-seekers had almost certainly been doubled, and the result was a very serious fall in the rewards obtained. Not only was there depression on the goldfields, but throughout the colony the consequences of reckless speculation were shown in commercial depression and arrested industry. It had been easy previously

for an unsuccessful digger to find employment, if he desired, at other work. This was the case no longer, and the result was a very general feeling of discontent throughout the community. It was not only the miners who demanded a change in the method of Government, though they spoke with a more united and sinister voice. Mischievous agents went in and out among them stirring up disaffection and distributing red ribbons. A flag of insurrection was hoisted at a mass meeting. A German named Vern suggested the burning of licences, and immediately a heap of miners' rights were ablaze. Others denounced the marching of soldiers with fixed bayonets through a peaceable country. On 30th November Commissioner Johnstone was pelted with stones while endeavouring to examine licences, and the crowd grew so threatening that the military had to be summoned. Scattered for a moment, the crowd now began to make preparations for a more determined struggle. Peter Lalor, well and favourably known afterwards in Victorian politics, was elected leader, and commenced to drill the insurgents. Those who could not procure guns manufactured pikes; and delegates were sent to other camps to muster recruits. Thousands of armed diggers paraded before the camp, where Captain Thomas bided his time. Strong parties were told off to intercept reinforcements expected from Melbourne. Random shots were fired into the camp. On 2nd December Thomas was informed that an entrenchment and stockade were being formed in Eureka Street, with the intention of giving a warm reception to General Nickle, who was advancing from Melbourne with a detachment of soldiers and marines. He therefore determined to attack next morning. At half-past two on Sunday morning he assembled his men, 100 mounted and 176 foot soldiers, and at three o'clock led them forth with the simple statement that they might have to use their weapons. As soon as they were on the march, signal shots were fired by sentinels posted by the rioters on the road leading to the stockade. On reaching it the columns

opened out in skirmishing order. They had no sooner done so than a shower of bullets was poured upon them from the entrenchment, and from behind a barrier of ropes, stakes, and overturned carts. The charge was sounded, and with a determined rush the stockade was captured and the insurgent flag hauled down. Captain Wise of the 40th Regiment was mortally wounded, 4 soldiers were killed, 30 of the diggers were killed, and 125 taken prisoners.

The *émeute* was at an end, and both parties began to argue about the honours of war, each contending that it was outnumbered by the other. The leaders of the rising, some of whom were mere braggarts, fled; and when Nickle arrived he found little to do except to proclaim martial law for a few days, and make arrests of such ringleaders as could be found.

In this manner the Government triumphed, and Ballarat was restored to comparative peace. It was a significant lesson, showing the power of a small body of disciplined troops, and it has been claimed that a like display of force would have been successful in the preceding year when the Government quailed before the mob; but it must not be forgotten that no such force was then available, and the small band under Captain Thomas's command at Ballarat outnumbered the whole military force in Victoria at the time of the disturbance of 1853.

The results of the victory were not very substantial. It is true that organized rebellion against the Government had ceased, but only a small proportion of the miners took out licences, and the revenue from this source fell: for the first quarter of 1855 it was £28,766, compared with £92,062 for the same quarter of the previous year. As a commission was making inquiry into the administration of the goldfields, no effort was made to compel the taking out of licences, and the miners remained, so to speak, in possession of the field. Again, though several of the ringleaders of the riot had been captured and were tried for high treason, the juries refused to convict them, and they

escaped without a penalty. The indictment of these men for high treason was a grave error of judgment, and the succession of trials with the accompanying acquittals did not tend to promote respect for the Government.

The condition of Victoria in 1855 was very critical. In spite of the gold yield the colony was suffering from considerable economic distress and financial embarrassment; its relations with the Home Government were embittered by the long struggle as to the admission of ex-convicts from Van Diemen's Land, and the people were utterly dissatisfied with their own Government. The composition of the population made the task of government one of great difficulty. Not only were the people apparently irreclaimably migratory, but, for the most part, their only anxiety was to make a little money and then leave the country. The colony, as Hotham pointed out, lacked the element upon which statesmen must rely, for it contained no important class which identified itself permanently with the interests of Victoria. It must, however, be admitted that Hotham brought to the task of government neither tact in his dealings with his officials nor discretion in his public utterances. The main qualities of his rule were firmness and determination; nevertheless he was sincerely desirous to ameliorate the condition of the miners, and he at once began to grapple with the finances and to study the question of the land.

The commission appointed to inquire into the condition of the goldfields, and to recommend the most convenient mode of raising a revenue from them, had reported in favour of a gold export duty of 2s. 6d. per oz., and the issue of "Miners' Rights" at £1 per annum, for the purpose of registering the diggers. These proposals were embodied in an Act which came into force in June 1855, and were accepted as a final settlement of the vexed question of the contribution that the gold industry should make to the revenue. It was confidently expected that all miners would ask for rights to be issued to them, as the charge was small and they entitled the holders not only to the

undisturbed possession of their claims and of the gold they might win, but also to a vote at parliamentary elections. No force was used to compel miners to comply with the law, and it was soon found that not one-third of them took out miners' rights, the common practice being for one miner only of a party to take out a right, as this sufficed to give legal possession to the claim worked and the gold won. The expectation, that the tacking on of parliamentary privileges to the ownership of a miner's right would lead to every miner taking steps to possess one, proved illusory. Eagerness in the pursuit of political privileges is not necessarily followed by a desire to exercise such privileges when they are obtained, and the miners felt no resentment at being unfranchised, provided they were saved the necessity of paying twenty shillings for the right to win gold.

The conciliation of the miners enabled the cost of administering the goldfields to be greatly reduced and saved the Governor much anxiety. A further concession to mining opinion was the establishment of local courts for the settlement of disputes. The courts were modelled upon the English mining courts, and, as they substituted self-government for the arbitrary rule of the Commissioner, they proved both popular and useful. Their effect was beneficial in many respects, but in some districts the miners elected to serve on the courts showed a very strong prejudice in favour of the small mining claim. The consequence was a great difference of policy in different districts. At the Ovens there had never been any objection to co-operative working, and the claims allowed were suitable for parties of twelve men or more; at Ballarat and Bendigo there was little opposition to large claims, but at Mount Alexander, M'Ivor, and some other diggings, the courts opposed themselves decidedly to the extension of claims and endeavoured to keep the workings in the hands of individual miners. They desired to preserve the miner in an independent position and to prevent him from becoming a mere wage-earner. This policy was practicable

so long as the gold was to be won from surface drifts or at no great distance below the ground, but it became impossible when the deeper workings were undertaken, and, above all, when the presence of gold in quartz reefs was discovered and a new class of labour became necessary, as also the introduction of expensive machinery for working the mines and crushing the stone.

The export duty was found very easy of collection, especially as the escort fees were remitted on all gold that was allowed to remain in the hands of the Government until exported, and the yield exceeded the most favourable expectations. About the middle of 1855 the price of gold at the diggings rose to something approaching its intrinsic value, and the miners thus recovered the export tax several times over. In November of the same year Governor Hotham was able to declare that the administrative arrangements in regard to the gold industry were working well, and that good order and quiet prevailed on the goldfields.

The Act of 1855 authorized the issue of leases of gold-bearing land, and permitted the formation of companies of limited liability for working such land on the "cost book" system common in English mining districts. There was almost immediately an appreciable increase in the output of gold; in 1855 the estimated value of gold won was £11,708,088, while in 1856 it was £13,957,432, which was larger than in any year except 1852. Steam power for quartz-crushing was introduced in 1855, but the innovation was not at first successful, as properly skilled workers were lacking; gradually these were obtained, and as early as 1856 an eighth of the gold won was obtained from crushings. Thenceforward there was a steady increase in the use of machinery, but different fields were affected in different degrees. On some the lease system was still strongly objected to, and the miners opposed most stubbornly the introduction of capital, as ultimately tending to change the independent digger into a dependent wage-earner. The resistance of the digger was in vain, mining

companies were formed, mining leases issued in large numbers, and a considerable amount of capital was put into the industry; so that in November 1861 Governor Barkly was able to report that there were 711 steam engines, of 10,782 aggregate horse-power, at work on the goldfields, and more than half of these were working quartz-crushers.

According to the census returns of Victoria the number of gold-miners in the colony in 1854 was 36,332. It is certain, however, that owing to the fear of being called upon to pay licence fees, many miners misstated their occupation at the census. The resident Commissioners estimated that the average number of men on the goldfields during 1854 was 68,790, and most of these worked as miners during some part of the year. In 1857 the fear of the licence fee had disappeared and the census returns were consequently more complete, and in March the number of miners returned was 82,428, of whom 20,000 were Chinese. In 1861 the returns showed 83,116 miners, including 21,161 Chinese; there were 8856 men employed raising and crushing quartz, and the rest, including practically the whole of the Chinese, were on alluvial workings. Taking the alluvial miners as a whole, the Chinese formed more than 28 per cent, and on some fields they were practically half the population. The presence of Chinese in such large numbers was greatly resented by the white miners, and the Government was urged very strongly to prevent any further influx, but the subject was very difficult to deal with in view of the treaties existing between England and China. How the difficulty was surmounted will be the subject of a special chapter.

A branch of the Royal Mint was established at Sydney in 1855, and an agitation to secure one for Melbourne was carried on very vigorously, but the concession was not obtained during this period, and it was not until 1872 that the first gold coin was struck in Melbourne. The opening of a Mint at Sydney, accepting all gold brought to it, definitely established the price of gold on a basis fair to the seller, and was therefore greatly to the advantage of the miners.

In 1857 New South Wales, following the example of Victoria, abolished the licence fees payable by miners and imposed a duty on all gold exported; and before the close of the period it may be said that all the more difficult problems affecting gold production had been dealt with, both in Victoria and in New South Wales.

Gold was discovered in Tasmania in 1852, and attracted considerable local attention, but the fields were not otherwise noteworthy. Search for gold was diligently carried on in South Australia, but with little result; while the wealth of Queensland and Western Australia remained hidden for some years longer. As regards Queensland, about the middle of 1858, while the territory was still part of New South Wales, the discovery of a rich field was reported. The find was made at Canoona, a cattle station situated some seven miles distant from the present town of Rockhampton. The extent of the discovery was greatly exaggerated, and large numbers of persons were attracted from the southern colonies, especially from Victoria and New South Wales. Keppel Bay, which had hitherto, been visited only by occasional coasters, became a port of some consideration, and a town sprang up like magic at the scene of the rush. In a few months 10,000 miners, with the attendant population usually found at a gold rush, were on the field. The Canoona field, though its fame was noised abroad, had but a short life. Years afterwards very great quantities of gold were obtained within a radius of thirty miles, but at the time of the so-called Port Curtis rush the payable gold found was confined to a small area which was speedily worked out, no new discoveries being made. The plight of the unfortunate miners was pitiable. Starvation stared them in the face, and the Governments of Victoria and New South Wales were compelled to intervene and remove the utterly stranded to their homes in the south. But the change did not provide them with work, and the wretchedness of some of those brought to Sydney was so extreme that the Government was compelled to grant them further assistance. In time

many of the men drifted back to the older goldfields, while a series of small finds in various parts of the colony, and the important discoveries at Burragong, relieved the strain.

The population of Australia at the time of the gold discovery was in round numbers 404,000; ten years later it was 1,154,000. Excluding 1851, during which a comparatively small quantity was found, the production of gold during the ten golden years following the first discovery amounted to a value of £123,000,000, of which £110,000,000 came from Victoria. A bare statement of these facts, relating to population and gold production, is sufficient to account for the peculiar industrial conditions of the period. The value of the gold won in the two colonies is set out in the following summary. The figures given do not accord with any of the official statements that have been published, as these latter give only the yield as estimated from the export returns. It is well known, however, that a large quantity of gold left Victoria without being declared to the Customs authorities, and in the summary the figures for the first five years are estimates made by the dealers in bullion, which were at the time generally regarded as substantially correct :

Year.	Gold yield, Victoria.	Gold yield, New South Wales.
1852 . .	£16,776,250	£2,660,946
1853 . .	12,206,851	1,781,172
1854 . .	8,661,161	773,209
1855 . .	11,708,088	654,594
1856 . .	13,957,432	689,174
1857 . .	10,987,591	674,477
1858 . .	10,107,836	1,104,175
1859 . .	9,122,868	1,259,127
1860 . .	8,626,800	1,465,373
1861 . .	7,869,812	1,806,171
	<u>£110,024,689</u>	<u>£12,868,418</u>

END OF VOL. I



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